

## СВІТОВЕ ГОСПОДАРСТВО І МІЖНАРОДНІ ЕКОНОМІЧНІ ВІДНОСИНИ

DOI: <https://doi.org/10.32782/2521-666X/2023-82-2>

UDC 339.97

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### DETERMINANTS OF THE DEVELOPMENT OF DIGITAL TRADE IN GLOBAL MARKETS

#### ДЕТЕРМІНАНТИ РОЗВИТКУ ЦИФРОВОЇ ТОРГІВЛІ НА ГЛОБАЛЬНИХ РИНКАХ

*In the work, the author investigated the concept of determinants of the development of digital trade in global markets. The aim of this study is to identify the determinants of digital commerce development in global markets by identifying the main strengths, weaknesses, threats, and opportunities. The factors on which the degree of digital transformation depends have been identified. It is proposed to create a reference center in business structures with methodical and innovative departments that will help determine trends in global markets and integrate new products into digital trade. The author developed a system of determinants of the development of digital trade in the context of business structures. The author identified the main strengths, weaknesses, threats, and opportunities for the development of digital commerce, which were systematized into a system of determinants of the development of digital commerce in global markets. The study concluded that the development of digital commerce in global markets is taking place with positive dynamics, but business structures still face the problem of mobilizing digital technologies for innovation and sales. As a direction for further research, the author suggests exploring the development of an integrated approach to policy formation in the age of digital technologies.*

**Key words:** commerce, globalization, sustainable development, digital economy, digitalization.

*У роботі проведено дослідження щодо визначення детермінантів розвитку цифрової торгівлі на глобальних ринках. Мета поточного дослідження полягає у розкритті детермінантів розвитку цифрової торгівлі на глобальних ринках шляхом визначення основних сильних і слабких сторін, загроз і можливостей. В даному дослідженні виявлено фактори від яких залежить ступінь цифрової трансформації. Знання про ці фактори може бути корисним для розуміння тенденцій розвитку електронної комерції та формування стратегій для її розвитку на глобальних ринках. Стаття також досліджує різні аспекти цифрової трансформації в глобальній економіці та її вплив на традиційну торгівлю. Вона звертає увагу на виклики та можливості, які з'являються в процесі переходу до цифрової економіки. Автором було запропоновано створити референс-центру в бізнес-структурах з методологічним та інноваційним відділами, який допоможе визначити тренди на глобальних ринках за для допомоги інтеграції новинок в цифрову торгівлю. Автором було зроблено висновок, що бізнес-структури стикаються не лише з проблемою впровадження цифрових технологій у свої канали збуту, але й із мобілізацією цих технологій для розробки додаткової пропозиції та підтримки інновацій серед своїх клієнтів. Резюме основних сильних і слабких сторін, загроз і можливостей, які характеризують комерцію між компаніями в контексті цифрової трансформації систематизовано у систему детермінантів розвитку цифрової торгівлі на глобальних ринках в контексті бізнес-структур. Система детермінантів побудована із врахуванням основних сильних і слабких сторін, загроз і можливостей, що дає змогу визначити основні пріоритетні напрями розвитку цифрової торгівлі на глобальних ринках в контексті діяльності бізнес-структур. Це дає змогу зробити висновок, що на сьогодні в умовах діджиталізації бізнесу, розвиток торгівлі на глобальних ринках в контексті цифрової трансформації відбувається з позитивною динамікою. Напрямом подальших досліджень, на думку автора, варто зазначити розробку комплексного підходу до формування політики в епоху цифрових технологій.*

**Ключові слова:** комерція, глобалізація, сталий розвиток, цифрова економіка, цифровізація.

**Problem statement.** The development of digital technologies is adding new challenges that business-to-business commerce will have to face in order to

maintain its place in distribution channels. Competitive pressure is increasing with the emergence of new digital players. The development of digital commerce can also

have the same effect, promoting price transparency in a sector characterized by opaque and personalized pricing conditions. Additionally, customer expectations of sales channels and service offerings are changing, a trend exacerbated by the convergence of private and professional procurement practices and the renewal of customer generations. However, the development of digital trade is not only a source of threats, but also creates opportunities for business development, new offers for customers, and improved internal functioning of companies.

**Analysis of recent research and publications.**

Documentary analysis of existing work, professional and academic, on the development of digital trade and the impact of digital technologies on it, was revealed in the works of: Bokovets V.V., Davydiuk L.P. [1, p. 210–213], Vlasenko T.A., Revenko O.V. [2, p. 44–49], Pozniak M. [3, p. 14–17], Ptashchenko O.V., Borkovets S.P. [4, p. 132–133], Fu X. [7, p. 157–166], Huaping G., Binhua G. [8], Penga Y., Changqi T. [9], Shtal T.V., Stavarska T.O., Svitlichna V.Yu., Kravtsova S.V., Kraynyuk L.N., Pokolodna M.M. [11], as well as the study of existing statistical data made it possible to create a list of problematic questions on which the methodology of the current study is based.

**The purpose of the article.** The purpose of this study is to identify the main strengths, weaknesses, threats, and opportunities in the development of digital commerce in global markets and to reveal the determinants that drive this development.

**Presentation of the main material.** The degree of digital transformation strongly depends on two types of factors. On the one hand, competitive pressures from existing or expected digital players, and related to the maturity of digital usage among buyers. In this context, competition is stronger for standard products with relatively small volume and limited price. Such products are easily identifiable without the need for specific landmarks, their price makes any mistake financially insignificant, they are easy to transport, and thanks to standardization, price comparisons are simpler. Therefore, these factors are closely related to the nature of activities and products.

Overall, the proliferation of digital tools appears to be more advanced in customer practices in construction and industry, where the expectation of increased competition due to the entry of new digital players into the market is more visible than in the food sector.

On the other hand, in the field of business, the size of the company strongly influences the nature of the digital tools that are used or considered. Several elements come into play, including customer expectations and profiles, investment capacity in digital transformation, and the degree of competition faced by the company.

Other factors, potentially related to the size of companies, can also be an obstacle to the digital transition.

For example, the presence of digital skills in the company and the degree to which digital issues are prioritized by the company's management, as well as their conviction about the need to have a digital strategy, can all impact the company's ability to successfully transition to a digital business model.

At first glance, it appears that large companies are much more advanced in their digital transformation efforts, particularly in the area of procurement, compared to small companies. During our interviews with two manufacturers, we found that both companies were in the process of deploying e-procurement platforms. However, these projects were relatively recent, and the realization of the need to digitize procurement only dates back to a year or two ago. Additionally, one of the projects only covers a portion of the purchases made by the company.

The field of activity and profession can also have an impact on the development of digital commerce. The complexity of certain businesses means that digital technology has not yet penetrated all sectors of the economy.

The use of digital tools in personal life does not always translate to their use in professional settings. The question of whether individuals are inclined to use digital tools for professional purposes depends on various factors such as age, education, and professional training. This issue is relevant for both small business owners and large corporations, although it takes different forms.

For example, a manufacturer may face challenges when attempting to digitize procurement processes at production sites, such as parts stores. This is because the store managers may be resistant to change due to their habits and preferences, which may not be aligned with the new digital tools.

In addition to the necessary skills and the ability to reorganize procurement processes, digital transformation also requires digital equipment, such as computers, tablets, and smartphones, as well as an internet connection and sufficient bandwidth for work. With the development of mobile practices, the ability to work from mobile terminals like tablets and smartphones is becoming increasingly important. Large companies typically have more resources to invest in these technologies, but for small businesses, the investment may be more manageable. One of the emerging digital projects is the transition from desktop computing to mobile devices, which allows for greater flexibility and productivity in procurement processes.

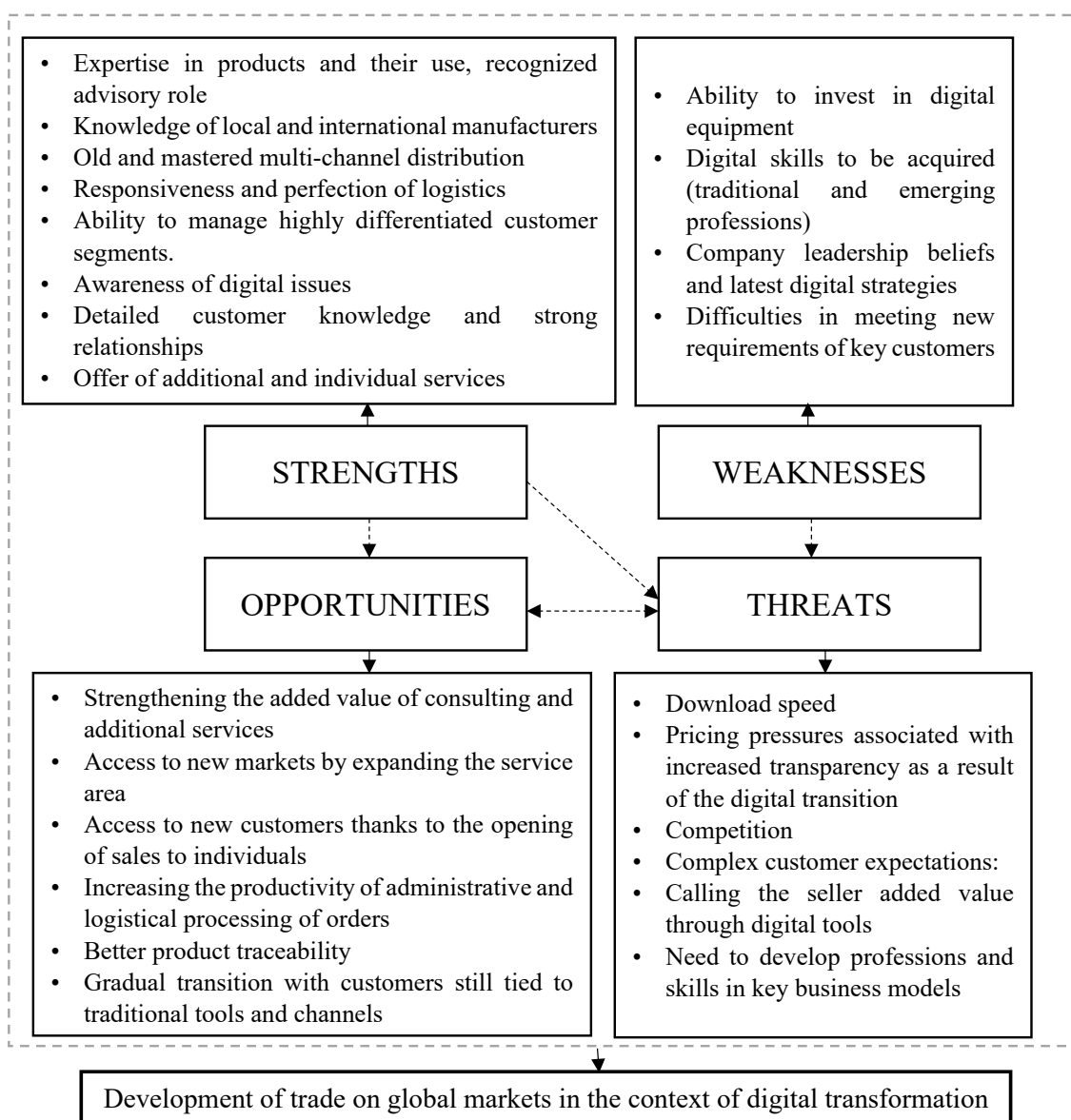
But this involves a huge project to deploy Wi-Fi in factories with sufficient and reliable speeds for operations, and thus requires an extremely large investment in infrastructure. Furthermore, the more procurement and supply are managed over the internet, the more crucial and strategic bandwidth becomes to avoid slowing down processes.

Lastly, the development of digital technologies also increases the risks associated with the IT system. In the event of a computer system failure, entire sites can be blocked. Therefore, the issue of computer system protection must be addressed.

Overall, it appears that both small and large enterprise customers are in the process of undergoing a “digital transformation” of their procurement practices. While larger companies are further along in this process and appear more mature in many ways, the changes and investments required for them to fully transition are slowing them down. On the other hand, small businesses are able to move more quickly in this regard. In addition to their business expertise, client companies can also rely on wholesalers to assist them in innovat-

ing their products, processes, and customer offerings. Business structures are seen as having a broad market view and knowledge of producers, which enables them to play a leading role in innovation. However, they tend to remain in the background in this function.

It is true that some companies feel that wholesalers are less involved in exchange and innovation compared to their interactions with manufacturers. However, it should be noted that distributors are generally less active in the field of innovation, which is a crucial aspect for companies. This includes process innovation such as digitalization, product innovation, innovation in customer offerings, and logistics innovation. On the other hand, manufacturers tend to focus more on product innovation and technical solutions.



**Figure 1. The system of determinants of the development of digital trade on global markets in the context of business structures**

Source: author's vision

The use of digital tools and technologies can also enable the development of new service offerings. The specific nature of these services will depend on the industry and market. For instance, even “non-technological” craftsmen can benefit from digital tools by using them to search for new and innovative approaches. Furthermore, the creation of a reference center that houses methodological and innovation departments can help companies identify and track trends in global markets, allowing them to integrate new products into digital trade.

Thus, business structures are faced not only with the problem of introducing digital technologies into their sales channels, but also with mobilizing these technologies to develop an additional offer and support innovation among their customers. A summary of the main strengths and weaknesses, threats and opportunities that characterize commerce between companies in the context of digital transformation is shown in Figure 1.

The determinants system is built by taking into account the main strengths, weaknesses, threats, and opportunities, which makes it possible to determine the main priority directions for the development of digital trade on global markets in the context of business structures’ activities. Strengths lead to opportunities and threats, while weaknesses lead to threats. However, the

identification of threats makes it possible to develop a strategy to overcome the “digital crisis” in business structures in time. It is worth noting that the highlighted opportunities are more significant than the threats. This leads to the conclusion that today, in the context of digitalization of business, the development of trade on global markets is taking place with positive dynamics.

**Conclusions.** The digital transformation of the economy has led to urgent questions about the digitization of trade, business structures entering global markets, and the development of strategies to achieve companies’ established goals in an increasingly globalized economic environment. Weighing strengths and weaknesses is an important criterion for decision-making to transform them into opportunities or threats. Understanding the implementation effects allows companies to confidently grow. The impact of digital transformation is wide-ranging, affecting the functioning of business structures, politics, and administration at national and global levels. Digital commerce offers new tools but also creates new societal challenges. However, the development of digital trade on global markets is a lever for ensuring sustainable development. The author suggests developing a comprehensive approach to policy formation in the era of digital technologies as a direction for further research.

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