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POSSIBILITIES OF USING DIVERSIFICATION STRATEGY IN TRADE ENTERPRISE
OPERATIONS IN MODERN CONDITIONS

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Abstract. This article is dedicated to exploring the possibilities of using a diversification strategy in the operations of a trade enterprise under modern conditions. It has been proven that diversification enables businesses to be more flexible and adapt to market changes, which enhances their competitiveness. By distributing activities across different directions, a company reduces its dependence on a single source of income and mitigates risks associated with market instability. **The purpose** of the article is to identify the opportunities for using a diversification strategy in trade enterprise operations in modern conditions. **Methodology:** A comprehensive set of general and special methods at both empirical and theoretical levels was used, such as: literature review (researching scientific papers, articles, and other sources dedicated to diversification strategies, their classification, as well as their role in the trade sector), analysis of modern trends (studying global and regional trends in trade, changes in consumer behavior, the influence of new technologies and innovations), and others. **Results:** It was determined that the diversification strategy provides trade enterprises with significant opportunities to strengthen their market positions, reduce risks, and ensure long-term growth. However, to use it effectively, it is necessary to carefully plan each step and consider the specifics of market conditions.

Keywords: trade enterprise, market segment, product, diversification, competitiveness.

JEL Classification: O1, O3, F01.

INTRODUCTION

In the conditions of the modern economy, characterized by high competitiveness, instability of the market situation and rapid changes in consumer demands, trading enterprises face a number of challenges that require effective strategic management. One of the most important tools for ensuring sustainable business development is a diversification strategy. It allows enterprises to expand the range of goods and services, enter new markets, and also reduce the risks associated with concentration on one market segment or product.

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The diversification strategy is the object of intensive scientific research, as its implementation is closely related to issues of strategic management, marketing, financial planning and risk management. Scientists and practitioners analyze different types of diversification (horizontal, vertical, conglomerate) in order to determine the most effective approaches to their application in specific market conditions.

For commercial enterprises, the study and application of diversification in practice allows not only to ensure income stability, but also to adapt to changes in the external environment, such as economic crises, changes in consumer preferences and technological innovations. Thus, the diversification strategy becomes a key success factor for enterprises seeking long-term competitiveness and stable growth.

LITERATURE REVIEW

Analysis of the latest research and publications on the possibilities of using the diversification strategy in the activities of trading enterprises shows that this topic is relevant and dynamically developing. Scientists and practitioners from different countries are investigating various aspects of diversification, offering new approaches and models for optimizing business processes in modern conditions.

Main areas of research:

1. Theoretical foundations of diversification (M. S. Sorokotyaga, O. M. Taran [10]). A significant number of publications are devoted to the definition and classification of various types of diversification (horizontal, vertical, conglomerate), as well as the analysis of their impact on the sustainability and competitiveness of enterprises. In particular, the authors investigate the conditions under which each type of diversification can be most effective.

2. Assessment of risks and benefits from diversification (Zalutska H. Ya. [1], Zgurska O. M. [3], Laktionova O. A. [7]). An important area of research concerns the assessment of risks associated with diversification, as well as the identification of potential benefits. Scientists are investigating how diversification can help reduce risks associated with market volatility and increase resilience to economic shocks.

3. Innovative approaches and technologies (Kasumov T. A. [4], Kunytsia T. S. [6]). Innovation plays an important role in today's diversification. Recent publications often focus on analyzing how new technologies such as big data, artificial intelligence and automation can support effective business diversification.

In recent studies, the understanding of diversification as a complex strategy that has a wide range of applications in the activities of trading enterprises has been significantly expanded. In particular, the importance of adapting this strategy to specific market conditions and taking into account modern technological and economic trends is emphasized. This allows enterprises to use their resources more efficiently and increase competitiveness.

Despite significant progress in diversification strategy research, there are several important aspects that remain understudied or require further research. Although a lot of research has already been conducted on the use of the latest technologies in business processes, the issue of their integration in the context of the diversification of commercial enterprises remains insufficiently developed - this includes the development of methodologies for the effective implementation of artificial intelligence technologies, big data analysis and automation to support diversification.

Most studies focus on general approaches to diversification, not taking into account the specifics of regional markets. Issues of adaptation of the diversification strategy to specific regional conditions, in particular to cultural, economic and political factors that can affect its success, have not been sufficiently studied.

There is also a need for research that analyzes the long-term consequences of diversification on the financial stability and competitiveness of commercial enterprises. The question of whether

diversification is a sustainable strategy in the face of rapid market changes and global economic upheavals remains open.

Despite the recognition of the importance of managing the risks that accompany diversification, there is still no single methodology for their identification, assessment and minimization. The lack of clear guidance on how to manage these risks creates uncertainty for businesses that are diversifying.

Some studies consider the economic aspects of diversification, but the issues of its impact on social responsibility and environmental sustainability of business remain poorly studied. This problem is becoming more and more relevant in connection with the growing demands for corporate social responsibility.

PAPER OBJECTIVE

This article is devoted to the study of certain unresolved issues and is aimed at the development of new approaches that will contribute to a more effective implementation of the diversification strategy in the activities of commercial enterprises.

METHODOLOGY

The research used a complex of general and special methods at the empirical and theoretical levels, such as: literature review (study of scientific works, articles and other sources devoted to diversification strategies, their classification, as well as their role in the trade sector), analysis of modern trends (the study of global and regional trends in the field of trade, changes in consumer behavior, the impact of new technologies and innovations), etc.

RESULTS AND DISCUSSION

Considering different organizations, four levels of managerial decision-making can be distinguished. These are corporate, business (also called business level) and functional (operational).

At the corporate level, decisions are made regarding the creation or adjustment of the activities of an organization or other organization, which is called corporate strategy. Corporate strategy is a general management plan of an organization (company) and extends to the entire organization, covering all spheres of its activity.

The formulation of the corporate strategy of any diversified organization by A. Thompson and A. Strickland is based on an algorithm that includes the following procedures:

- Determination of the sphere of activity (in which spheres does the enterprise "work"?)
- Defining the content (what is the company's role in the industry?)
- Measures to improve overall efficiency in the industries where the company already operates:
 1. Strengthening competitive positions;
 2. Increasing profitability;
 3. Focus on the strategy of rapid growth of the most promising business units;
 - Finding ways to achieve synergy between the company's divisions: strengthening the connection between different areas of activity and individual business divisions;
 - Determining investment priorities and directing resources to the most promising industries: ranking the benefits of investing in different sectors.

At the business level, decisions are made and approved regarding the development of various types of enterprise activities, that is, at this level it is called business strategy. Business strategy is mainly focused on activities, approaches and efforts aimed at ensuring successful operation in a certain business sector. The business strategy is aimed at establishing and strengthening a long-term competitive position on the market:

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- quick response to economic, political and other changes, including changes in the field of activity in which the company "works";
- design and development of competitive events;
- unification and implementation of strategic initiatives of departments, services, functional level departments;
- quick solution of special strategic tasks.

The essence of business strategy is to show how you can "win" a strong long-term competitive position in the market. Therefore, a business strategy will be strong if the company has a real and stable competitive advantage over a long period of time. However, the "weakness" of the business strategy is not excluded. Competitive advantages (positions) emerge when there is weakness. Clearly, the indisputable hallmark of the difference between strong and weak business strategies is the ability to develop actions and approaches to achieve the desired competitive advantage.

At the operational management level, decisions related to the formalization of the organization's operational strategy are prepared. A functional strategy is developed for each specific functional direction of each specific business area of the organization. In other words, a functional strategy is a concrete plan for managing the current and main activities of a division, for example: research and development, production, marketing, finance, etc. Therefore, the organization must have an R&D strategy, a product strategy, a marketing strategy, a financial strategy, etc. At the operational level, decisions are made regarding the formalization of the company's operational strategy. Operational strategy is the basis (foundation) of the company's strategy development pyramid. The operational system determines how to provide operational activities of strategic importance, such as procurement of materials, inventory management, transportation, maintenance, etc. [11].

In the conditions of a market economy, the most important tasks of enterprises and organizations are ensuring their competitiveness, financial stability, increasing economic security and obtaining profit. One of the effective ways to solve these problems is diversification, which is currently used as an anti-crisis tool and as a development tool.

At the moment, there are a large number of different approaches to defining the nature of diversification diversity.

O. E. Lomonosova determines that it is necessary to clearly distinguish diversification as an economic category and as a special concept that reflects its manifestations by a specific subject. Diversification as an economic category is the process of increasing the types and fields of activity of the enterprise, the markets in which it operates, as well as new ways of attracting and using financial resources. This behavior reflects the most general, important characteristics and characteristics of diversification in a concentrated, accumulated form as an economic process. Its scope is very broad and there is no more general concept that can be used as a general term for it. The concept of diversification, unlike the economic category, is characterized by a large content, but a small volume. Diversification is a strategy of business development, which consists in expanding the range of activities of the enterprise through the addition of new products, services or sales markets. The main purpose of diversification is to reduce risks and ensure stable growth of the company by dividing business activity into several independent directions. The concept of diversification represents the essence of separate concepts without separate, single features and properties as a subject. Category and concept together form a specific conceptual and categorical content [8].

M. Zialyk, O. Vivchar define the strategy of diversification as the production of new goods, product markets, types of services, which includes not only the diversification of product groups, but also the expansion of entrepreneurial activity into new and unrelated types.

According to the authors, in other cases, the diversification strategy is a measure used to prevent excessive dependence of the enterprise on one strategic business unit or group. Diversification involves the creation of new types of products simultaneously with the development

of new markets. At the same time, positions can be new for all enterprises operating in the target market, or only for this enterprise. Such a strategy ensures future profits, stability and sustainability.

Many reasons drive a company to diversify, the main ones being the desire to reduce risk or expand, as well as the desire to exit markets. Diversification involves determining the types of activities that can most effectively achieve the company's competitive advantages.

However, according to the authors, the main danger of diversification is related to dispersion of forces and problems of managing various enterprises. This problem led to the creation of methods of portfolio analysis. The diversification strategy is implemented when the company cannot develop in this market within the given industry.

In practice, the main factors that determine the choice of a diversification strategy are distinguished:

- for business markets, the product is on the verge of disappearing, filling or reducing the demand for the product;
- the current business provides an opportunity to increase cash receipts, which can be profitably provided in other areas of business;
- new business can lead to synergies, for example, through better use of tools, raw materials, etc.

Main diversification strategies:

- a strategy of intensive diversification, based on the search and use of additional opportunities for the production of new products included in the current business; that is, the existing product remains at the heart of the business, and new ones are developed depending on the opportunities of the developed market, the technology used, or other strengths of the company's activity;
- the strategy of horizontal diversification involves the search for growth opportunities in the existing market at the expense of new products that require new technologies, according to this strategy, the company should focus on the production of non-technology products that use the company's existing capabilities. Since the new product must be aimed at the consumer of the original product, it must be related in quality to already produced products;
- the strategy of conglomerate diversification consists in the fact that the firm expands due to the production of technologically unrelated goods that are sold in new markets; this is one of the most difficult strategies. Often, this strategy is implemented through the acquisition of businesses, rather than the creation of new businesses to enter new markets.
- the strategy of globalization consists not only in the expansion of the export of goods, but also in the development of new foreign markets by using the export of capital to create enterprises that produce goods in former importing countries, bypassing restrictive trade barriers [3].

According to Krainyuchenko O. F. product diversification is a strategy related to the production of new products. It is an effective tool that can ensure stable growth of the enterprise. Thanks to diversification, the company can achieve good results in terms of turnover and profit stimulation with new product offers for new markets, which in turn contributes to an effective policy of reducing business risks [5].

The strategy of diversification is one of the keys in the activity of trading enterprises, especially in modern conditions, which are characterized by market instability, rapid changes in consumer preferences, and a high level of competition. The use of diversification allows enterprises to minimize risks and ensure the stability of development.

The main possibilities of using the diversification strategy:

- diversification allows the enterprise to enter new markets, attracting new customers. This can be achieved both through geographical expansion and through the development of new market segments.
- the distribution of business activity into several directions (products or markets) reduces dependence on one source of income. This is important in case of crisis situations, when the fall of one of the segments is compensated by the stability or growth of another.

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- diversification is often accompanied by the introduction of new technologies and products, which can increase the competitiveness of the enterprise and open up new opportunities for growth.

- offering new goods or services allows you to attract new segments of consumers who were previously not interested in the company's products. This can be useful both for increasing sales and for improving the image of the company.

- the integration of new business areas that can interact with each other creates opportunities for synergy. For example, complementary products or joint distribution channels can increase the efficiency of the enterprise.

Challenges in the implementation of diversification:

- introducing new products or entering new markets requires significant investments that may be risky if not repaid;

- the expansion of the company's activities increases the complexity of management, which requires new competencies from management and employees;

- diversification may not meet expectations if new products or markets are not accepted by consumers.

In modern conditions, diversification can be an effective strategy for a trading company, allowing to increase market share, reduce risks, and ensure sustainable development. However, for the successful implementation of this strategy, it is necessary to consider both its advantages and possible challenges, carefully planning each step and analyzing market conditions.

CONCLUSION

Diversification allows a trading company to be more flexible and adaptable to market changes, which contributes to increasing its competitiveness. Thanks to the distribution of business activities in several areas, the company can reduce dependence on one source of income and minimize the risks associated with market instability.

Diversification opens up opportunities to enter new markets and attract new customers, which contributes to increasing market share and sales volumes. The use of a diversification strategy stimulates the introduction of innovations and new technologies, which allows the enterprise to maintain a high competitive position and create additional value for consumers.

Despite the obvious advantages, diversification comes with significant financial and managerial challenges that require careful planning and analysis of market conditions.

The diversification strategy is a powerful tool for ensuring the sustainable development of a trading enterprise in the conditions of the modern economy. It allows you to reduce risks, increase market share and support innovative development. However, for its successful implementation, it is necessary to take into account possible challenges and carefully evaluate the profitability of each of the new directions.

The diversification strategy provides trading enterprises with significant opportunities to strengthen their positions in the market, reduce risks and ensure long-term growth. However, for its effective use, it is necessary to carefully plan each step and take into account the specifics of market conditions.

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МОЖЛИВОСТІ ВИКОРИСТАННЯ СТРАТЕГІЇ ДИВЕРСИФІКАЦІЇ В ДІЯЛЬНОСТІ ТОРГІВЕЛЬНОГО ПІДПРИЄМСТВА В СУЧASNІХ УМОВАХ

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Стаття присвячена дослідженню можливості використання стратегії диверсифікації в діяльності торгівельного підприємства в сучасних умовах. Доведено, що диверсифікація дозволяє бізнесу бути більш гнучким і адаптуватися до змін ринку, що сприяє підвищенню його конкурентоспроможності, розподіляючи діяльність за різними напрямками, компанія зменшує свою залежність від одного джерела доходу та знижує ризики, пов'язані з нестабільністю ринку. **Метою статті** є ідентифікація можливостей використання стратегії диверсифікації в діяльності торгівельного підприємства в сучасних умовах. **Методологія**: використано комплекс загальних та спеціальних методів на емпіричному і теоретичному рівнях, таких як: огляд літератури (дослідження наукових праць, статей та інших джерел, присвячених стратегіям диверсифікації, їх класифікації, а також їх ролі у торговельному секторі), аналіз сучасних тенденцій (вивчення глобальних і регіональних трендів у сфері торгівлі, змін у споживчій поведінці, впливу нових технологій та інновацій) та ін. **Результати**: визначено, що стратегія диверсифікації надає торговельним підприємствам значні можливості для зміцнення позицій на ринку, зниження ризиків та забезпечення довгострокового зростання. Проте для її ефективного використання необхідно ретельно планувати кожен крок і враховувати специфіку ринкових умов.

Ключові слова: торговельне підприємство, сегмент ринку, продукт, диверсифікація, конкурентоспроможність.