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ДЕРЖАВНЕ УПРАВЛІННЯ ТА РЕГУЛЮВАННЯ СИСТЕМИ ОХОРОНИ ЗДОРОВ'Я В ЗАРУБІЖНИХ КРАЇНАХ

Присвячено порівняльному аналізу моделей державного управління та регулювання системи охорони здоров'я в зарубіжних країнах. Виявлено організаційні особливості функціонування і розвитку систем охорони здоров'я, визначено джерела фінансування охорони здоров'я за трьома видами: бюджетні, страхові, приватні. Особливу увагу приділено сучасному стану систем охорони здоров'я та їхній готовності до запобігання коронавірусній пандемії.

Ключові слова: система охорони здоров'я, державне управління, фінансування охорони здоров'я, коронавірусна пандемія.

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ГОСУДАРСТВЕННОЕ УПРАВЛЕНИЕ И РЕГУЛИРОВАНИЕ СИСТЕМЫ ЗДРАВООХРАНЕНИЯ В ЗАРУБЕЖНЫХ СТРАНАХ

Посвящено сравнительному анализу моделей государственного управления и регулирования системы здравоохранения в зарубежных странах. Выявлены организационные особенности функционирования и развития систем здравоохранения, определены источники финансирования здравоохранения по трем видам: бюджетные, страховые, частные. Особое внимание уделено современному состоянию систем здравоохранения и их готовности к предотвращению коронавирусной пандемии.

Ключевые слова: система здравоохранения, государственное управление, финансирование здравоохранения, коронавирусная пандемия.

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THE IMPACT OF INNOVATION ON THE DEVELOPMENT OF THE GLOBAL COSMETICS PRODUCTS MARKET

The article analyzes the state of the global market of cosmetic products, reveals the key importance of investment in research and development for ensuring high growth rates of leading companies in this market. Trends in the field of innovative development followed by the industry are traced with the data of leading companies: Loreal, Estee Lauder, Unilever, Shiseido, Procter & Gamble, and Coty. The main challenges of the environment are outlined and the impact of innovations on the ability of cosmetic companies to function and develop effectively in conditions of the high competition is characterized. The study is based on published materials of leading companies in the industry, including their regulatory documentation, financial and annual reports, etc.

Keywords: innovations, innovative development, competitiveness, cosmetic products market, artificial intelligence.

Introduction. The global cosmetics market is dynamic and quite significantly sizeable. Such characteristics are due to the ever-growing consumer demand, as well as the fact that today this industry is constantly expanding its influence to different target audiences and covers all classes of consumers in terms of their income. Both items are declared in the annual reports of world market leaders – L'oreal, Estee Lauder, Unilever, Shiseido, and others. It is obvious that the availability of the product for consumers with any income level is due to the very specifics of cosmetics, while several factors form the element of expanding the consumer audience: constant mergers and acquisitions, access to new markets, and active innovation. Competitiveness is another characteristic of this market, and innovation plays a key role in ensuring the development of cosmetic companies and is the main means of their growth. Nowadays, innovations form strategic steps for the long-term growth of companies through cost reduction, increasing consumer loyalty, launching and implementing new business initiatives of cosmetic companies. The emphasis on innovation and the introduction of new technologies for market participants increase the recognition of their brand, build brand capital and core sales.

More and more funds are allocated for the development of e-commerce and m-commerce – mobile commerce – a

new direction of e-commerce, which includes digital and social media, interaction with influencers, and more. Information technology permeates all aspects of business: finance, production, and sales, as well as product development, marketing, including communication with the end user for further forecasting and a better understanding of market requirements. A full-fledged development and research center and a well-established system of information technology to support business have become mandatory elements of a long-term development strategy for any player in the cosmetics market, and especially its leaders. An additional requirement for market innovation is the need for companies, which have pursued a policy of closed innovation, to be increasingly open to inter-industrial cooperation now, teaming up with related industries: medicine, education, retail and IT.

Thus, to meet the requirements of modern consumers and provide the maximum possible "economy of impressions", personalized experience, and multi-channel marketing, companies develop big data analytics, provide "in-store" consumer experience with innovative technologies, build research and development centers to enhance the uniqueness of their product and to introduce of radically new products, etc. To attract new consumers, form a proper demand, strengthen consumer loyalty, realize the opportunity to offer a radically new – a breakthrough product of the market.

However, the variety of forms of the impact of innovation on the financial situation and competitive position of market participants, as well as the unequal potential of different forms of innovation of enterprises raise the issue of research and structuring the impact of innovation on the development of the cosmetics market and its players.

Analysis of recent research and publications. Both foreign and domestic scientists have studied theoretical, methodological, and practical aspects of the impact of innovations on the efficiency of enterprises and their position in the market. In particular, J. Schumpeter [13] identified the country's technological development as a factor in overcoming and reducing the effects of the crisis, J. Stiglitz [16] focused on the achievements of modern science and economic thought today as levers of redistribution of market power and effective means of combating income inequality. D. Chervanyov [1] highlighted a systematic approach to innovation covered the process of their implementation in the enterprise to effectively obtain strategic advantages in the future, O. Zhylinska [19] investigated the phenomenon of transition to the model of "open innovation" and the importance of technology transfer and patenting in the context of the implementation of "open innovations". P. Drucker [6] systematized the impact of innovation on business development and explored the practical aspects of enterprise management, choosing a strategic vector of innovative development. J. Fagerberg and B. Ferschpagen [7] studied the cognitive and organizational characteristics of markets that have had an "innovative breakthrough" and are operating in new conditions. D. Datskova [5] considered the process of innovation management in the implementation of the model of "open innovation" on the example of the Stage-gate model.

Such competent modern western analysts as E. Gerstell, E. Spagnuolo, S. Marchessou, J. Schmidt [8], I. Shevchenko, N. Shtuka [15] devoted recent work to topical aspects of the development of the cosmetics market in the crisis of the COVID-19 pandemic, potential threats and opportunities for market participants, as well as the formation of forecast indicators taking into account the crisis instability.

At the same time, many important applied problems of the formation of the global market of cosmetic products and the impact of innovations on its development have not been adequately covered and solved in the modern scientific literature. It is worth noting that today the market of cosmetic products is characterized by a clear asymmetry of information, significant gaps in logistics aspects of supply and storage, and, consequently, significant losses due to mismatch of real demand with the forecast. Thus, the market needs to find and apply new innovative methods for dealing with the industry challenges through the analysis of the impact of the innovative solution on individual problems and the general position of market participants. The study is based on published materials of leading companies in the industry, including their financial statements, annual reports for shareholders and data on sustainable business development; statistical information about the world market of cosmetic products, research, and materials of specialized publications.

Research methodology. The methodological basis of the article is the scientific achievements of Ukrainian and foreign scientists to ensure the innovative development of the national economy in general and the cosmetics industry. In particular, the researchers used a set of general and special research methods: analysis, synthesis, observation, and logical generalization – to identify trends and features of the global market of cosmetic products, generalization of existing practical experience in innovation in leading cosmetics companies, formation of conclusions and proposals; system approach – to identify interdependencies and the corresponding impact of innovations on the development of the global market of cosmetic products; statistical and economic – to study the state of the cosmetic products market in recent years; graphical-analytical method – for a visual illustration of the studied phenomena and processes. To avoid the impact of the COVID-19 pandemic crisis on the general trends, the statistics for 2005–2019 were used for calculations, while the results related to the consequences of the crisis from the deployment of the COVID-19 pandemic were indicated separately.

The article aims to assess the key impact of innovation on the ability to lead cosmetic companies to operate and develop effectively in the current high competition in this field. The analysis of the global cosmetics market, the identified trends in innovation development followed by the industry, the analysis of the market leaders have identified the leading importance of supporting research and development in ensuring high growth of the world's leading cosmetics companies.

Results. The global beauty market is constantly growing and quite resistant even to crises, which is consistently confirmed by statistics in the form of a stable annual increase in sales of relevant companies (Fig. 1). This market has successfully overcome the recession of 2001, the crisis of 2008, even showing a slight increase in 2008–2010, and has a good forecast for the current crisis caused by the deployment of the COVID-19 pandemic. This trend is characterized by consumer behavior, for which against the background of declining incomes, the purchase of cosmetic products becomes a kind of luxury. This phenomenon was first studied by Leonard Lauder in 2001 and called the Lipstick Index, later transformed into the Nail Polish Index in 2008–2010 and the Mascara Index during the COVID-19 pandemic crisis due to the forced wearing of protective masks [10].

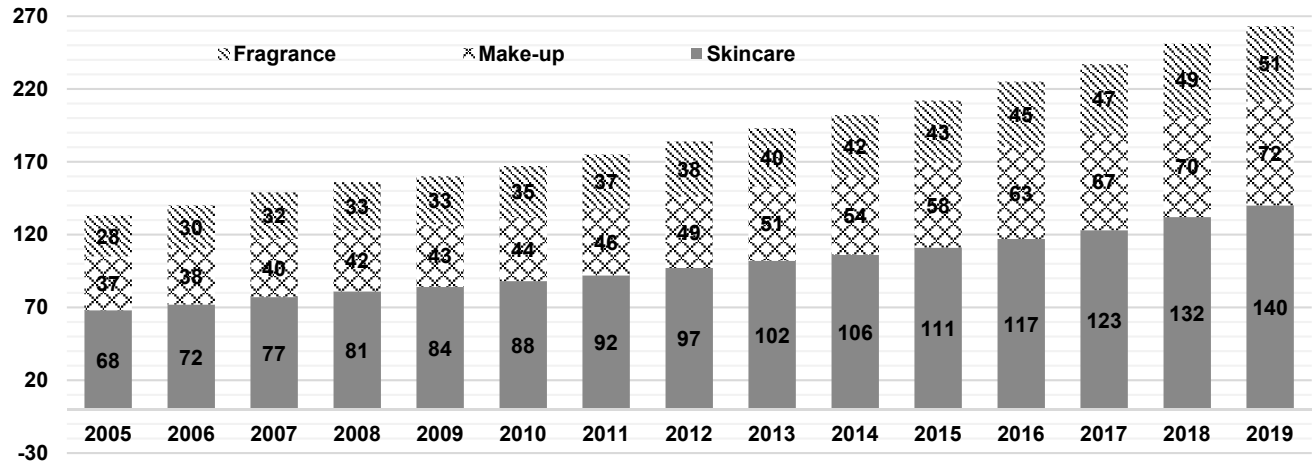

Figure 1. Dynamics of cosmetic products sales in the global market (2005-2019), billion US dollars

Source: compiled by the author based on [8].

The steady growth of the global cosmetics market is because certain asymmetries of forecasts have been compensated. But it is an indisputable fact that the crisis of the COVID-19 pandemic will not be as easy to overcome by this industry; Thus, according to fully justified pessimistic forecasts of experts and expectations of McKinsey & Company in early 2020, the overall decline in sales exceeded the mark of 35 percent, and in some countries much higher [8]. Although the crisis caused by the spread of COVID-19 has not been overcome, but at least after a year of operation in a radically new market environment, the industry has shown a more stable position than previously predicted by analysts.

The cosmetics market is quite strong in its capabilities, so in 2018 the industry created about four million jobs in the US, $267.3 bn of GDP, and accounted for 1.1 percent of the total research and development in the US. Currently, 10 percent of the industry employees belong to the STEM category (Science, Technology, Engineering, and Mathematics) that are direct generators of innovation [11]. To some extent, such statistics are due to the specifics of the industry itself: safety and high-quality standards are key priorities for the industry. Based on data from the National Science Foundation data, the industry increases investment in research and development by an average of 5.2 percent, while other industries by 3.3 percent [11]. Such significant investments in the development of innovations allow cosmetic companies to maintain their position in this highly competitive market.

At the same time, despite such high rates of investment in innovation, for the cosmetics industry, experts sometimes voice conclusions about the inadequacy of 1.1 percent of GDP in investment in research and development to make the end consumer confident in the quality of the product. To some extent, this is due to the constant increase in production capacity and growing sales of key market players, which in absolute terms are quite large amounts. Figure 2 shows the sales of the top 10 cosmetic market players. Only sales data from fragrances such as fragrances, make-up, skin, body and hair care, sun protection, deodorizing products, and aftershave products were used for the calculations. Excluded from the results of the category of soap products, blades, toothpaste, dietary supplements, pharmacology, and vitamins. This method of calculation was chosen because Unilever and Procter & Gamble, which are among the top five strongest participants in the cosmetics market, are by nature companies that also specialize in household chemicals, hygiene products, baby care, and more. Data for 2019 were taken into account, although most of the surveyed companies have already submitted new annual reports to shareholders. This is because of the impact of the COVID-19 pandemic that gives some differences in general market trends and creates appropriate errors in the construction of logical connections and hypotheses.

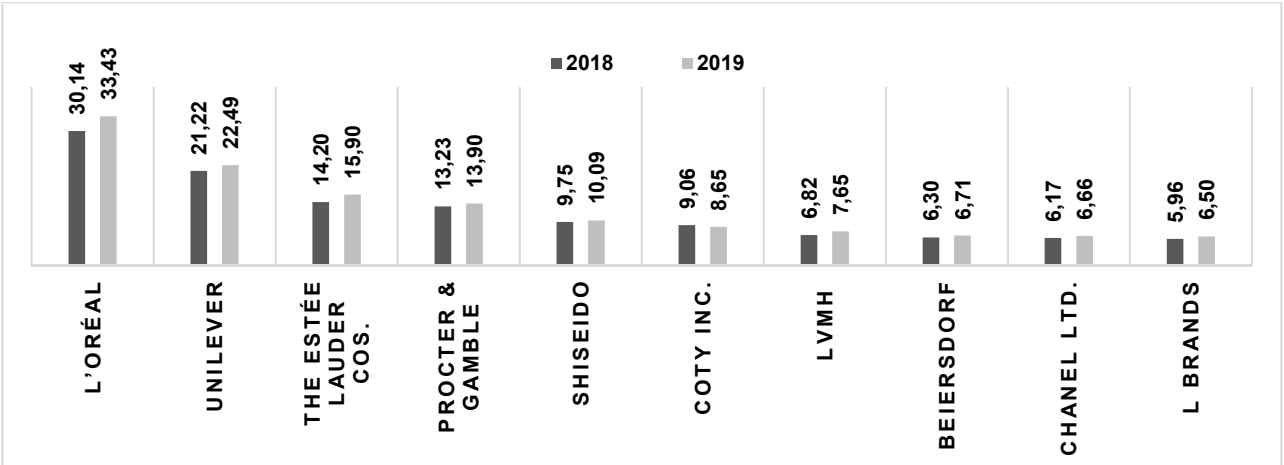

Figure 2. Sales of cosmetic products in 2018-2019, billion US dollars

Source: compiled by the author based on [4].

In addition, while studying investments in the innovative expansion of companies, in particular in research and development, despite the pandemic, most companies have maintained their strategic plans for further development. Unilever, on the other hand, with a strong production of sanitary and other hygiene products and meeting the needs of significant demand for such categories of goods, not only overcame the current problems of 2020 but also generated a surplus. The CEO of Unilever officially stated that the company intends to increase investment in the cosmetics division, in particular in prestigious cosmetics, as well as in the development of a digital system of interaction with the consumer [2].

Such cases only confirm the fact that there is a certain "polarisation" of innovation opportunities in this area. All companies participating in the market build up the direction of research and development for this industry, the innovation process is constantly needed and extremely important, but breakthrough inventions are very rare and are not inherent in the industry. Investment in research and development is needed for survival in the cosmetics market due to the very high level of quality set by today's leading companies. Thus, the market acquires certain oligopolistic characteristics: a small number of the largest companies create barriers for smaller players. The average investment in innovation is three percent of net sales, but only between the top market leaders L'oreal and The Estée Lauder the difference between investments in innovation is about $ 600 million. Table 1 provides absolute and relative data on investments in the research and development (R&D) department by six leaders in the cosmetics market in 2019, as well as the main innovation initiatives declared by these companies. For the "Sales" parameter for Unilever and Procter & Gamble, data from sales of cosmetic products were used for homogeneity of comparison.

Table 1. **Innovative activity of cosmetic market leaders**

COMPANIES	L'Oréal	Unilever	The Estée Lauder cos.	Procter & Gamble	Shiseido	Coty inc.
Total sales, 2019, billion dollars USA	33.4	22.5	15.9	13.9	10.1	8.7
R&D investment, 2019, share of sales	3.3	1.6	3.1	2.8	3.1	1.9
Innovation initiative 1	Open innovations	Consumer insight search and analysis system	Development of new products and expansion of the product range	External Partnership	A global network of hubs for research and data analysis	Development of digital presence
Innovation initiative 2	Development of microbiome technologies, microchips, and smart materials	Partner developments to accelerate the introduction of new products to the market	Setting up issues of state legal requirements	Product innovations	System of analysis and detection of actual latent consumer insights	Customization of consumer experience using artificial intelligence and augmented reality
Innovation initiative 3	Online educational programs for consumers	A system of personalized consumer support based on artificial intelligence technology	Sustainable development: increasing efficiency by minimizing environmental impact	Research of consumer perception and trends	Minimization of impact on the environment, use of ecological materials	Basic research to improve existing products
Innovation initiative 4	Digitalization of the laboratory network through data collection using artificial intelligence algorithms	Development of microbiome technologies	Establishment of a network of interaction with contractors at the global level	Open innovations and collaborations	Open innovations	Using the blue sky strategy to create radically new products
Innovation initiative 5	Product innovations		Product innovations	Sustainable development	Development of digital interaction with the consumer	

Source: compiled by the author based on [4, 9, 12, 14, 17–18].

Thus, Table 1 allows identifying the main trends in the areas of innovative development of leading companies in the cosmetics market, namely open innovation and collaboration, the use of artificial intelligence for a more personalized consumer experience, product innovation, e- and m-commerce, and the emphasis on sustainable development business. So, let us reveal them in more detail.

Open innovations and collaborations. The market dictates new rules, now speed is the main competitive advantage. Therefore, the main emphasis in the innovative development of companies is on open innovation and cooperation with external partners, contractors, universities, technology centers, associations, and representatives of related industries. All six companies, whose annual reports were examined to declare strategic plans for innovative development, state that they have their hubs, centers, or accelerators, which implement this desire to interact, sometimes even with the consumer. Some companies have their investment funds to support startups that can create new technologies and implement them in partnership with them.

Personalized consumer experience. This category includes two areas: analysis of consumer insights to technologically improve an existing product or create a new one for unmet market needs, and marketing innovations in attracting customers and their experience during the purchase. Companies are developing information systems for data collection and further

analysis, using the latest developments in the field of artificial intelligence. Artificial intelligence technologies are used both for data collection – online and offline, investigating each contact of the consumer with the product, and, conversely, offering special programs of interaction with the consumer, giving him personal advice on selection and application, special offers, forming a special product "for the consumer" even in the category of mass-market and adapting merchandising strategies.

Product innovations. For successful business development, the introduction of new and significant improvements to existing products is essential. In addition to trend analysis, working with intellectual property to update the product line requires significant technological improvements and research. Some companies use classic fundamental developments and offer updated versions of previously breakthrough peptides, retinol, hyaluronic acid, and probiotics; currently, the main competition in the market belongs to the development of microbiome technology. Others, especially companies with a larger share of the Asian market, use a blue sky research strategy – without a clear goal, trying to find something radically new.

Development of e- and m-commerce. The development of e-commerce and mobile commerce is a logical result of the formation of a more personalized consumer experience and is especially relevant in the updated market conditions under the influence of the global pandemic. Some companies encourage and support the development of their e-commerce systems by authorized retailers, seeing this as an opportunity to increase sales of their products and expand the brand portfolio. Multi-channel marketing allows us to find, better understand and encourage consumer loyalty.

Sustainable business development. A trend of recent years, which is only gaining popularity among consumers. It stimulates businesses to respond to this demand. Innovation in the context of sustainable business development is a necessary component of the company's long-term strategy and covers all areas: product development and production, marketing strategies, management practices, business infrastructure.

Thus, the impact of innovation on business results is undeniable, but also diverse, having many factors that determine this relationship. "Benefits from innovation" can be both direct and indirect: direct impact on the results of economic activity of the enterprise; impact on industry infrastructure; impact on variables related to company performance. For the final generalization, Fig. 3 shows the relationship between different types of innovations, the benefits they provide in the implementation process, and their impact on the results of the business.

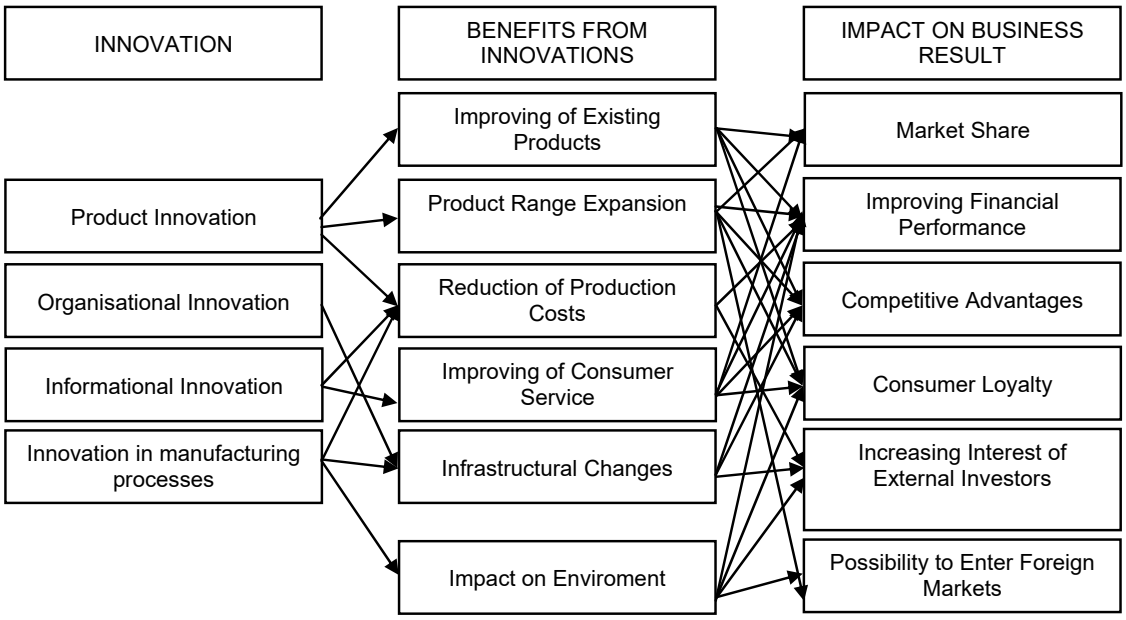

Figure 3. The impact of innovation on the ultimate benefits of business from their implementation

Source: compiled by the author based on [20].

Conclusions and discussion. The cosmetics industry is a highly innovative sector with a scientific-driven basis for production. For the cosmetics market, the innovation process is a constant and essential component of development and competitiveness, so it covers the organizational structures, processes, production, product, and service of any market participant. The analysis showed that in the current period when the urgency of digitalization of processes is further driven by the growth of online sales, volatile and stagnant demand in offline space, time constraints for production and contractors, etc., the necessity to implement and develop a digital approach to involvement customer service, constant updating of the decision support system, including big data analysis tools and consumer behavior is especially actual. It is emphasized that now the competition is intensifying, and therefore to improve their position, previously isolated market leaders are forced to change strategy and enter into collaboration, agreeing to the process of creating open innovation. It is determined that the trend of using artificial intelligence and augmented reality for a more personalized consumer experience is becoming more developed, and basic product innovations and a focus on sustainable business development continue to cover the innovation process of cosmetic companies.

Further research may find it appropriate to update the problem of polarization of innovations in the cosmetics market, as well as to determine whether medium and small

market participants with a turnover of less than $4 bn can meet today's competitive requirements and challenges.

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ВПЛИВ ІННОВАЦІЙ НА РОЗВИТОК ГЛОБАЛЬНОГО РИНКУ КОСМЕТИЧНИХ ПРОДУКТІВ

Здійснено аналіз стану глобального ринку косметичних продуктів, розкрито ключове значення інвестицій у дослідження й розробки в забезпеченні високих темпів зростання провідних компаній зазначеного ринку. Розкрито тенденції у сфері інноваційного розвитку, яких дотримується індустрія, на основі даних компаній-лідерів: Loreal, Estee Lauder, Unilever, Shiseido, Procter & Gamble та Coty. Окреслено основні виклики середовища й охарактеризовано вплив інновацій на здатність ефективно функціонувати та розвиватися косметичним компаніям в умовах високої конкуренції. Дослідження ґрунтується на оприлюднених матеріалах провідних компаній індустрії, зокрема їхній нормативній документації, фінансових і річних звітах тощо.

Ключові слова: інновації, інноваційний розвиток, конкурентоспроможність, ринок косметичних продуктів, штучний інтелект.

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ВЛИЯНИЕ ИННОВАЦИЙ НА РАЗВИТИЕ ГЛОБАЛЬНОГО РЫНКА КОСМЕТИЧЕСКИХ ПРОДУКТОВ

Проведен анализ глобального рынка косметических продуктов, раскрыто ключевое значение инвестиций в исследования и разработки в обеспечении высоких темпов роста ведущих компаний этого рынка. Показаны тенденции в сфере инновационного развития, которым следует индустрия, на основе данных компаний-лидеров: Loreal, Estee Lauder, Unilever, Shiseido, Procter & Gamble и Coty. Определены основные вызовы среды и охарактеризовано влияние инноваций на способность косметических компаний эффективно функционировать и развиваться в условиях высокой конкуренции. Исследование базируется на опубликованных материалах ведущих компаний индустрии, в частности их нормативной документации, финансовых и годовых отчетах и т. д.

Ключевые слова: инновации, инновационное развитие, конкурентоспособность, рынок косметических продуктов, искусственный интеллект.

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EXPLAINING POLITICAL CHOICE: PROSPECTS FOR ECONOMIC THEORY

The article explores the contribution of economic theory to the analysis of political choice. The study shows that political choice is characterized by its inherent irrationality, which allows a space for different ways of externally influencing voter preferences. The author demonstrates that economic voting is not present in the Ukrainian political context.

Keywords: economic vote; imperfect information; political choice; rational ignorance; theory of public choice.

Introduction. In recent decades political choice has become the subject of research not only of sociologists, political scientists but also of economists. It appeared that the political choice of an individual can be explained using tools of economic analysis, especially the utility maximization approach. Nowadays a choice of an individual in the political market has become a significant subject of the theory of public choice, in the framework of which an analysis of the individual's actions in the political sphere is carried out.

An important result of political choice is shaping the political, social, and economic institutions. That is why analyzing the political choice (within some social context) can give significant clues about the way the institutions are formed and in what way they affect other important spheres of social activity.