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THE CURRENT STATE OF THE E-COMMERCE IN UKRAINE IN THE CONTEXT OF COMPARISON WITH THE TOP E-MARKETS

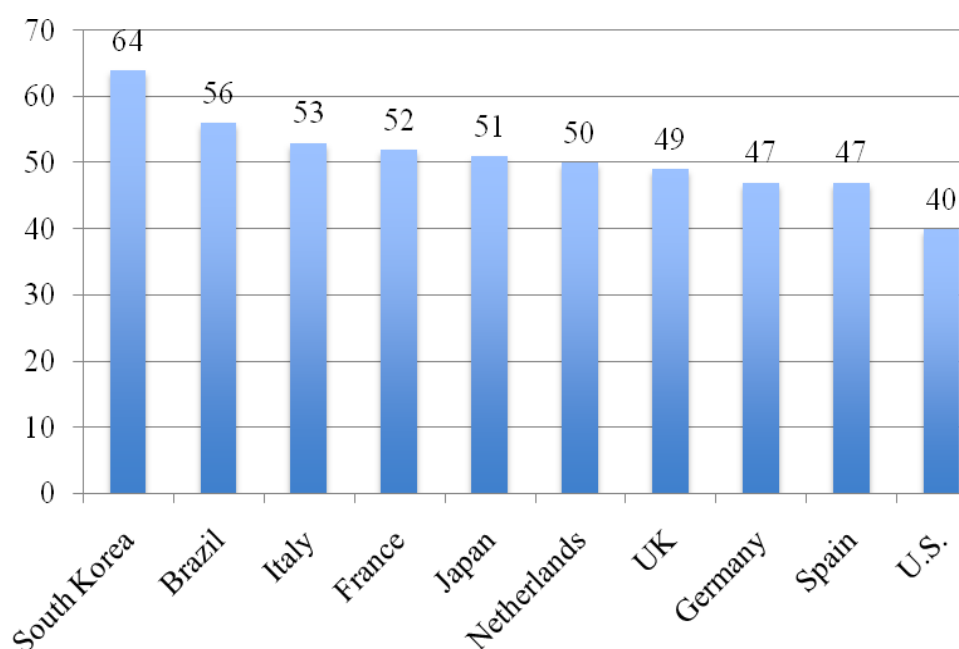
So long as popularity of different electronic services keeps increasing it seems to be natural that more and more users of Internet choose on-line shopping. Almost 1/3 of Ukrainian Internet users use e-shops and auctions to buy different goods. In view of common positive attitude to the e-commerce their number is likely to increase rapidly.

E-commerce refers to the process of buying or selling products or services over the Internet. Online shopping is becoming increasingly popular because of speed and ease of use for customers. E-commerce activities such as selling online can be directed at consumers or other businesses.

Business to Consumer (B2C) involves the online sales of goods, services and provision of information directly to consumers. Business to Business (B2B) refers to the online selling of products, services, or information between businesses. According to the quantity of users, services and goods in the E-commerce area, that increase every day, the theme is popular and problematic at the same time.

Consumers increasingly used multiple devices for online shopping and mobile transactions skyrocket. There are some trends of E-commerce: the consumer (completed most shopping journeys via multiple devices); the device (smartphone shopping continued to gain ground); the merchant (retailers saw a high web influence on their in-store sales); the marketing (shifted from being device-focused to people-focused); the advertising (ads became more relevant and non-intrusive); the service (instant delivery services became common);

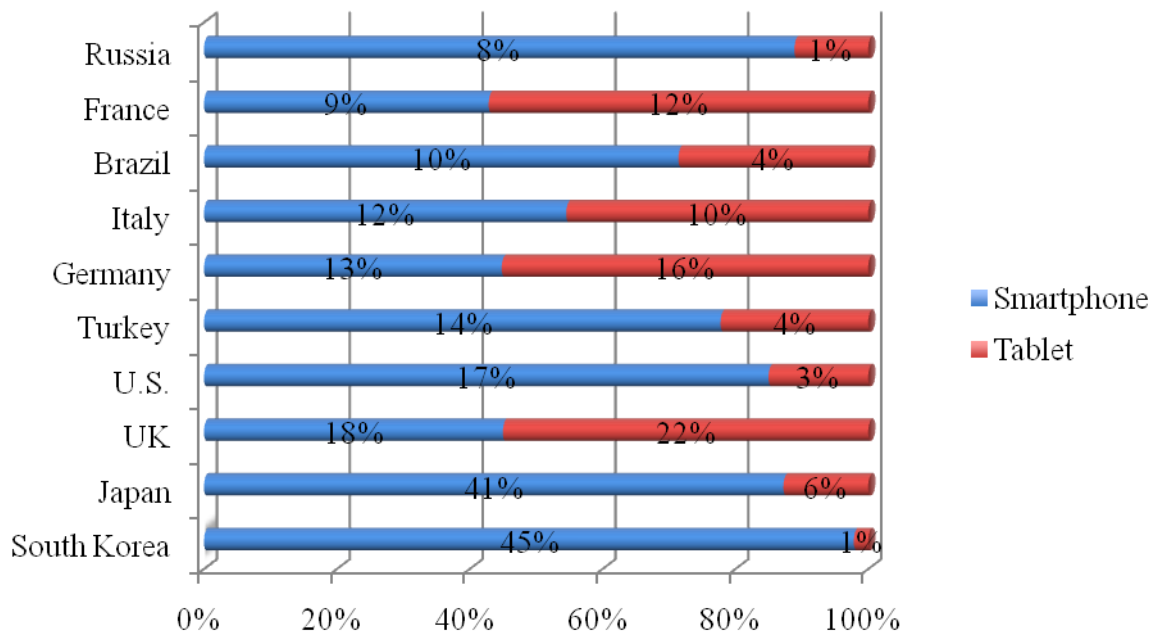
According to the 2016 (picture 1) most shopping journeys were multi-device. Half of all E-commerce transactions are already made using multiple devices. As that figure crossed the 50% mark in 2016, retailers had to redesign the online buying experience for this new reality. Multiple device users are also 20% more likely to complete their purchase on mobile than the average user. Campaigns had to activated on all devices and all properties fully tagged to leverage mobile and desktop.



Picture 1. Share of retail E-commerce transactions using multiple devices in 2016 (%)

Mobile is now the first screen for the majority of consumers, especially as larger smartphone screens make mobile shopping more convenient. Smartphones

account for over 40% (next page, picture 2) of E-commerce transactions in Japan and South Korea. Smartphone share is steadily catching up with tablets in the UK, Germany, France and Russia. As an increasing share of transactions happens on smartphones, retailers had to prioritize their mobile app strategy and optimize their mobile buying experience. While on tablets people could use websites that aren't mobile-optimized, on smartphones it's crucial to have either a mobile-optimized website or an app.

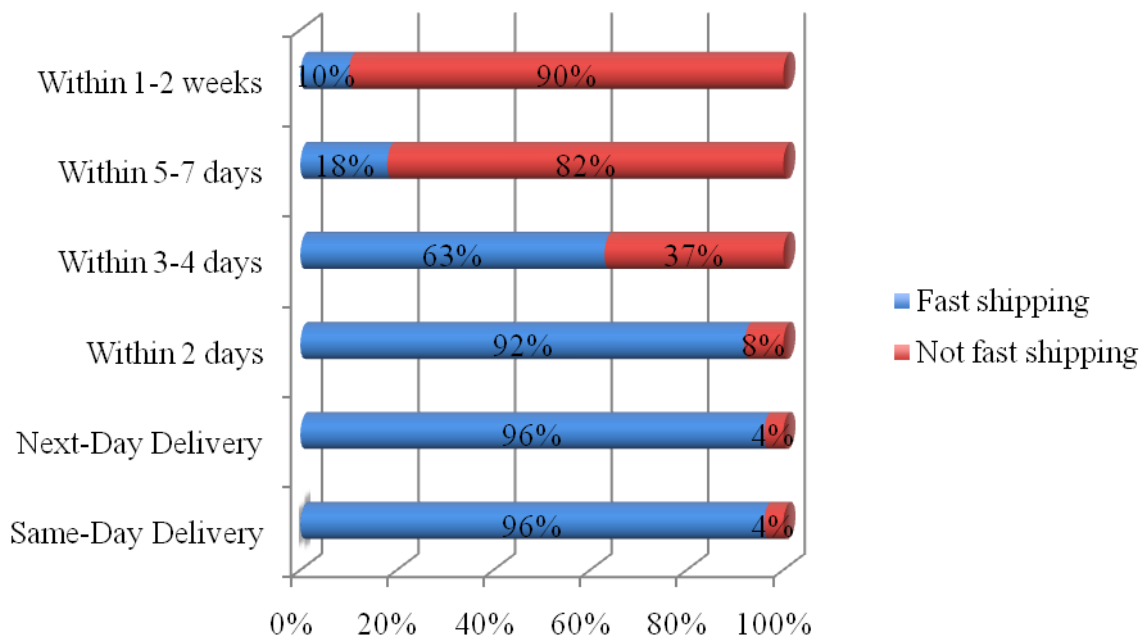


Picture 2. Smartphone and tablet share of retail E-commerce transactions

According to Google, 8 out of 10 shoppers with a smartphone used it inside the store to help them shop.

Instant delivery services became common (next page, picture 3). Order fulfilment was a big focus for retailer, with many offering delivery options to match Amazon's Prime Now service. Both online and brick and click retailers were trying this strategy through specialized third parties like Instacart.

Faster delivery at lower charges drove growth of cross-border shopping as consumers won't mind buying from other countries to save money.



Picture 3. Shipping types

The awareness of online shopping is very high in Ukraine, but the actual purchase is done only by one third of those who have heard about such a possibility. Most of Internet users are new online shoppers and consequently, used the online service only in the last year (66%).

According to the answers of respondent, which were analysed by authors, all surveyed respondents had heard about the possibility to shop online. The most widely known e-store, as seen in the unaided awareness results, is rozetka.ua.com, followed by several less recognizable competitors. In case of e-auctions, the most widely known names are eBay and aukro.ua.

More than half of respondents appreciate the fact that buying via the Internet is cheaper than offline shopping. Another advantage mentioned by Internet users was the chance to save time. However, online shopping is still perceived risky, but this opinion is getting less popular than in the previous study.

Consumer electronics and domestic appliances, along with computer hardware, phones and GSM accessories are the top three categories amongst

purchases in web. Only one in five respondents with no online shopping experience is willing to purchase any products or services online in the future.

In conclusion, retailers should focus more on the opportunity to sell online during the big shopping periods e.g. Black Friday and Cyber Monday. Consumers will increasingly buy online to avoid the rush at the stores.

There’s plenty of change on the horizon in consumer expectations, retail investments and marketing strategies. Social media will continue to have a big influence on online shopping and improved mobile payment services will also help drive eCommerce growth during 2017-2020.

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