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## THE CURRENT STATE AND PROSPECTS FOR THE DEVELOPMENT OF E-COMMERCE IN UKRAINE

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At the current stage of the development of economic relations in Ukraine, there are a significant number of negative factors and conditions that inhibit the development of entrepreneurial activity in the country. But despite the huge number of obstacles caused by both external and internal factors, economic entities not only continue to function, but also constantly develop for the sake of supporting the Ukrainian economy. In today's conditions, e-commerce is one of the main types of business activities that are successfully implemented on the state market and ensure the development of the state's economy. The emergence and spread of the global information system Internet has led to certain revolutionary discoveries and covers almost all spheres of human activity. Under the influence of the frantic pace of the spread of information technologies, not only the existing directions of doing business are changing, but new ones are constantly emerging. The variability of business conditions at the current stage of the development of economic relations requires greater attention to research on the essence, problems, current state and vectors of improving e-commerce in Ukraine. That is why the article focuses on summarizing the essence of the concept of "electronic commerce"; the main regulatory and legal documents regulating the activity of e-commerce in Ukraine are highlighted; the largest trading platforms carrying out their activities through the Internet were investigated, and the prospects and methods of e-commerce transition to a qualitatively new level in the field of trade were determined.

## СУЧАСНИЙ СТАН ТА ПЕРСПЕКТИВИ РОЗВИТКУ ЕЛЕКТРОННОЇ КОМЕРЦІЇ В УКРАЇНІ

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### Ключові слова:

електронна комерція, торгівля, Інтернет-торгівля, реалізація, товари, послуги, роботи

На сучасному етапі розвитку економічних відносин в Україні існує значна кількість негативних факторів та умов, що гальмують розвиток підприємницької діяльності в країні. Але не дивлячись на величезну кількість перепон, які спричинені як зовнішніми так і внутрішніми чинниками, суб'єкти господарської діяльності не тільки стало функціонують, але й постійно розвиваються заради підтримки української економіки. В умовах сьогодення одним із основних видів підприємницької діяльності, що вдало реалізуються на державному ринку та забезпечують розвиток економіки держави є електронна комерція. Виникнення та розповсюдження глобальної інформаційної системи Інтернет призвело до певних революційних відкриттів та охоплюю майже усі сфери людської діяльності. Під впливом шаленого темпу розповсюдження інформаційних технологій змінюються не тільки існуючі напрями ведення бізнесу, але й постійно з'являються нові. Мінливість умов ведення підприємницької діяльності на сучасному етапі розвитку економічних відносин вимагає більшої уваги щодо досліджень сутності, проблем, сучасного стану та векторів удосконалення електронної комерції в Україні.

### Statement of the problem

In this difficult time for our country, one of the priority tasks of the state is to support and restore the economy. Electronic commerce is a new and very promising branch

of economic relations for Ukraine, which has caused the need to conduct new theoretical and practical studies taking into account the modern conditions of the economy. That is why it is worth paying special attention to the generalization of the essence of the concept of "electronic

commerce”; selection of the main regulatory and legal documents regulating the activity of electronic trade in Ukraine; to investigate the largest trading platforms that carry out their activities through the Internet, and the identified prospects and methods of e-commerce transition to a qualitatively new level in the field of trade.

### Analysis of recent research and publications

A large number of foreign and domestic scientists in their scientific activities highlight issues related to problematic aspects of the functioning of e-commerce in Ukraine. Thus, Sak T.V. [1] and Malyuta I.A. [2] are engaged in researching the current state of electronic commerce and determining its impact on the development of the Ukrainian economy; Kostova N.I. focused her attention on innovations and prospects for the development of Internet trade; Tovkun L.V. devote a lot of attention to researching the peculiarities of the legal regulation of electronic business, determining the market value and building a system of analytical and accounting display of business activity from the creation of an Internet site for sale to the sale of goods. Despite the large number of existing scientific publications on this topic, there is a need for more thorough and up-to-date research on the determination of development prospects and practical recommendations aimed at the recovery and development of the state economy.

### Objectives of the article

The purpose of this article is to determine the current state of e-commerce and to determine possible prospects for the development of e-commerce in Ukraine.

### The main material of the research

The development of information technologies and the spread of access to the Internet in the modern world are characterized by globalization and the continuity of their processes. These phenomena affect all spheres of human activity and provoke huge changes in international and national economies, transform the systems of all business processes and the conditions of economic activity. The increase in the number of Internet users and accessibility to this global network led to the emergence of a new form of trade is electronic trade. Currently, economic activity in the field of electronic commerce in Ukraine is primarily related to trade through the Internet [3].

The role of e-commerce in the formation of business processes increases every year and unites a huge number of business entities and consumers from all over the world with the help of the Internet. Despite the widespread use of the term “electronic commerce”, there is still no single interpretation of this concept. Therefore, we consider it expedient to investigate and generalize the interpretation of previously published definitions (table 1).

Based on the results of the research, we can see that the majority of scientists, such as O.M. Yudin and O.I. Shaleva, define “electronic commerce” only as a business activity related to the purchase and sale of goods with the help of information technologies. In our opinion, it is not correct to limit ourselves only to the specified function, which is undoubtedly performed by e-commerce. That is why, under electronic commerce, we see it as appropriate to understand relations that arise in connection with the purchase/sale of goods, services and works and for the purpose of obtaining income and are carried out outside stationary trading platforms with the help of the Internet. We believe that the proposed definition details the components of the e-commerce system in more detail and combines the specific features of the specified activity and does not contradict the regulatory legal acts.

There are millions of e-commerce sites in the world. The largest of them are [2]:

1. Amazon. This Internet portal is considered the oldest. His work began in 1995. Amazon deals in all kinds of new and used goods, including appliances, books, clothing, and even vehicles. Amazon is based in Washington, but its work is done all over the world. The value of the company is estimated at approximately 35 billion US dollars.

2. eBay is the next most important online store after Amazon. eBay is not only the largest website, but also an auction. Here you can buy new and used goods, as well as sell old things at auction. eBay is estimated to be worth approximately \$10 billion. USA. It is also one of the oldest online companies that started its work in 1995.

3. Alibaba is a Chinese e-commerce company that started its work relatively recently (2007). This company has millions of revenues and is among the top 100 websites in the world.

A huge number of scientific studies prove that the volumes of electronic trade are constantly growing both in the world and in Ukraine, but are characterized

Table 1 – Study of the essence of the concept of “electronic commerce”

#	Author	Interpretation
1	Yudin O. M.	“Electronic commerce is a business activity of buying and selling goods and services, which involves the interaction of parties based on information networks (without direct physical contact)” [4].
2.	Shaleva O.I.	“Electronic commerce is commercial interaction of business entities regarding the purchase and sale of goods/services using information networks” [5].
3	The Law of Ukraine “About electronic commerce” from 09/03/2015 No. 675-19	“Electronic commerce is relations aimed at obtaining profit, which arise during the execution of transactions related to the acquisition, change or termination of civil rights and obligations, carried out remotely using information and telecommunication systems, as a result of which the participants of such relations have rights and obligations ties of a property nature” [6].
4	Chaffey D.	“Electronic commerce is an activity covering all types of electronic transactions between organizations and interested persons” [7].
5	Novomlynskyi L.	“Electronic commerce is commercial activity in the field advertising and distribution of goods and services using the Internet” [8].

by a slowdown in annual growth rates. We propose to investigate the sales volumes of the leading e-commerce retail entities around the world in 2022 and compare with the forecast values of 2027 (Figure 1).

The graphically depicted results of the study clearly demonstrate to us how fast e-commerce is developing in the world and what great potential it has in the future. The world’s leading online sales platforms had an average revenue of USD 691–780 billion during 2022 and are projected to have the opportunity to increase their revenue by 68% by the end of 2027.

A significant impetus for the development of e-commerce is the fact that most successful sellers of goods, works and services do not implement their offers through only one type of trade. They try to grow using the general principle of customer orientation. That is, consumers can simultaneously use both offline and online advantages of each seller. The advantages of Internet sellers often include the following criteria: constant availability of goods, a convenient and safe payment method, fast delivery and the possibility of returning the order, high-quality service. Reviews, which consumers use when ordering a product or checking the integrity of a seller, also play an equally important role [1].

We emphasize the fact that the development of e-commerce depends on the comprehensiveness and accessibility of the Internet, which leads to an increase in the share of turnover from e-commerce in the GDP

of most countries. The development of e-commerce has a direct dependence on the indicator of the level of Internet penetration among people, that is, the share of the country’s population aged 14 to 74 who are regular Internet users. This indicator in the leading regions of Western Europe approaches 100%, while in Ukraine it is only approximately 63% [2].

The modern realities of the functioning and development of e-commerce in Ukraine are very complex. But, despite this, according to the results of the monthly survey of the Association of Retailers of Ukraine, we see that Ukrainian e-commerce is transforming and recovering (Figure 2). The infographic contains information on the number of Internet trade objects starting from March 21, 2022. Data collection is carried out by the method of online surveys and includes information on almost a hundred enterprises throughout Ukraine, which carry out their activities in eight branches of trade.

Based on the data of the July survey, 16.964 of the 17.040 e-commerce sites that were destroyed have already been restored and are operating. In March 2022, 29% of enterprises closed, but as of July 2023, this figure is only 1.7%, that is, only 76 Internet trade objects out of 4.481 that previously suspended their activities. Working in the extremely difficult conditions of the war, this area of trade was constantly improving and building up lost resources. Only in the first seven months of 2023, about 994 new online stores were opened, which is more than 7% compared to

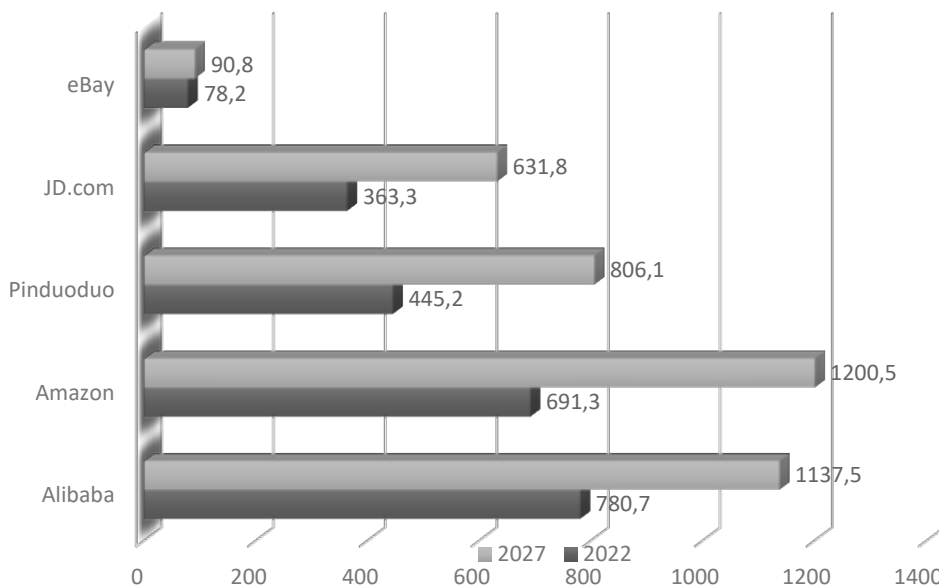


Fig. 1 – Top Global E-Commerce Retailers in 2022 and 2027, based on projected sales (USD Billion)

Source: compiled by the author based on [9]

Table 2 – Dynamics of active and closed e-commerce sites in Ukraine during the war

	The number of objects before the war	March 2022	December 2022	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	Restored in the first 7 months of the war
Number of open objects	17 040	10 782	15 190	15 717	15 873	16 127	16 265	16 503	16 760	16 964	+ 7%
Number of closed objects		-4481	-1225	-1070	-914	-694	-556	-318	-254	-76	

Source: based on [10]

last year's figures of 2022. Therefore, the largest number of stores were opened in June, March and May, which is 257, 238 and 254 economic entities, respectively.

Based on the results of the research, we offer the following principles for the development of e-commerce in Ukraine [11]:

- most of the existing scientific studies predict a great growth of both global and local markets in the field of electronic commerce;

- the role of social networks as a way of conducting business activities is growing. The quantitative effect of trading through Facebook and Instagram is constantly increasing, as business pages for sales appear;

- the latest information technologies and Internet communication tools are used more actively, which ensure the speed and convenience of trading operations. And as a result, the growth of e-commerce both in the world and in Ukraine.

In our opinion, it is necessary to pay special attention to the latest technologies in the field of e-commerce, such as: voice commerce, augmented reality, visual commerce, online assistant tools, gamification. The above-mentioned technologies are a perspective for the development of Ukrainian e-commerce, because the development of the global Internet market is completely dependent on the diversification of new information technologies.

### Conclusions

The results of the study prove that the global and Ukrainian e-commerce market is constantly developing and, according to all forecasts, has only positive results for further functioning. The article defines the current state of global and domestic e-commerce; determination of possible prospects for the development of electronic commerce in Ukraine and a generalized definition of the concept of "electronic commerce".

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