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## **Priorities of the electronic commerce market development in Ukraine in the context of integration in the world economic space**

**Abstract**

The article is devoted to the research of the priorities of the electronic commerce market development in Ukraine in the context of integration in the world economic space. The peculiarities of the e-commerce development in the world community countries, its influence on the functional interaction between the participants of market relations are determined. It is proved that for development of this market in Ukraine is an integral part of integration into the global economic space, creates the preconditions for increasing the competitiveness of the country on the world market. The reasons that hinder the development of e-commerce are determined, and the prospects of further expansion of the e-commerce market in Ukraine in the conditions of globalization are substantiated.

**Keywords**

e-commerce, global e-commerce market, modern information technology, electronic transactions, expanding e-commerce market in Ukraine

**1 Problem statement**

The present phase of development of the global economic space is characterized by the expansion of all areas of economic cooperation between its subjects. First of all, it is about trade cooperation, international placement of production, financial cooperation. It requires the search for new approaches, methods, and tools for carrying out these operations. In view of the development of information systems and technologies, in particular, the global Internet, e-commerce is becoming increasingly important as an effective way of developing business with the use of state-of-the-art information technology that can significantly streamline business processes. The volume of transactions in the e-commerce markets has rapid growth in the countries of the world community.

For Ukraine, the development of this market is an integral part of integration into the global economic space, creates the prerequisites for increasing the country's competitiveness on the

world market of goods and services. In this regard, the issue of the effective implementation of international electronic commerce transactions, the rationale for the priority directions of expanding the use of this method of international trade and economic interaction becomes especially acute.

**2 Analysis of recent researches and publications**

The study of the preconditions for the formation, peculiarities of the functioning and development of the global e-commerce market has been reflected in the scientific works of such foreign and domestic scholars as K. Grevlich, D. Eymor, D. Kir, D. Koz'ye, N. Medzhibovska V. Pavlova, V. Pleskach, A. Sammer, T. Tardaskina, R. Tsarev and others. However, the issues of the formation of the e-commerce market in Ukraine and its integration into the world e-commerce market in the context of taking into account the priorities of its development, which are formed in the conditions

of a high level of informatization and technology of society, remain insufficiently highlighted.

The purpose of the article is researching the preconditions for the formation and development of the e-commerce market in Ukraine and to substantiate the perspective directions of development of electronic business operations with the view of further integration into the world economic space.

**3 Research results**

E-commerce is an important component of the development of global trade and financial space. It involves the use of such forms of operations in which the interaction of the parties is carried out electronically instead of physical exchange or direct physical contact, resulting in ownership or the right to use the product or service is transferred from one person to another. In the broadest sense, it is the production, distribution, marketing, sale or delivery of goods and services by electronic means [3].

Using of the e-commerce system provides its members with the following benefits. Firstly, e-commerce enables the smallest manufacturers to reach the global presence and carry on business on a global scale. Buyers have the ability to globally choose from all potential sellers offering certain products or services, regardless of their geographical location. Secondly, e-commerce provides an opportunity to optimize product streams [10]. Goods are delivered directly from the manufacturer to the consumer, excluding the intermediary link in the implementation.

Thirdly, the conclusion of an agreement with the help of electronic commerce reduces the cost of servicing the transaction, which leads to lower prices for buyers. Fourthly, innovative business models such as virtual enterprises, agents, and technology, greatly increase the efficiency of commercial activity. E-commerce opens up the possibility of new products and services. Fifthly,

using electronic interaction tools, enterprises can receive detailed information about the needs of each consumer and automatically offer products and services, accept online and process customer orders.

Among the main trends in the development of the global e-commerce market is the rapid expansion of mobile e-commerce, that is, the implementation of settlement operations using mobile devices; use of the latest technologies for the advertisement of products in the network; active development of e-commerce through social networks; constant updating and development of new information technologies and computer equipment, which facilitate simplification of access to the network of users, establishing their close interaction; the interest of consumers in the goods and services performed on a personal order.

The development of e-commerce in developed countries is characterized by intensification of online operations, an increase in the number of online customers, the use of new business management and production entities, the modernization of information technology, product marketing improvements, increased use of electronic money and bank cards when making settlements increase in the share of operations carried out using mobile devices [9].

This is largely contributing to the possibility of establishing relatively low prices, reducing costs for the organization of trade processes. However, it should be noted that the effectiveness of e-commerce activities depends to a large extent on the level of penetration of the Internet, the regularity of the delivery process, the convenience of the services offered, etc. The largest share of online sales in the world is observed in the media, sporting goods, electronics, furniture, as well as clothing, personal care, food and drink.

The e-commerce market in Ukraine is at an early stage but is characterized by a steep increase in online transactions in the area of trade in goods and services. Online trade is one of the most

**Number of Ukraine's population and the percentage of Internet penetration in 2010-2015, thousand people, %**

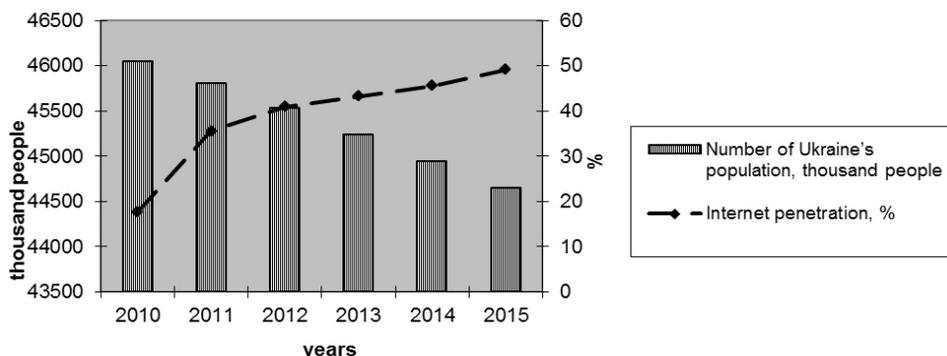


Figure 1 Number of Ukraine's population and the percentage of Internet penetration in 2010-2015, thousand people, %. Compiled by the author based on the materials [1, 5]

dynamic markets and a segment of the economy, which continues to grow, in spite of the crisis, fluctuations in exchange rates and other problems that Ukraine has faced in recent years [4].

The system of e-commerce, which combines the possibility of both remote payment and distance purchasing, has recently become more widespread, especially with the development of the Internet.

The share of Internet penetration for the period 2010-2015 has increased by almost 2.5 times. In addition, Ukraine is characterized by the rapid pace of mobile Internet distribution. In 2016, 44% of users used mobile devices to access the Internet. As a result, Ukraine has outstripped other European countries by such an indicator as the growth rate of Internet sales (Figure 1).

**Volume of retail and Internet trade in Ukraine and their dynamics of growth in 2008-2016, billion dollars, %**

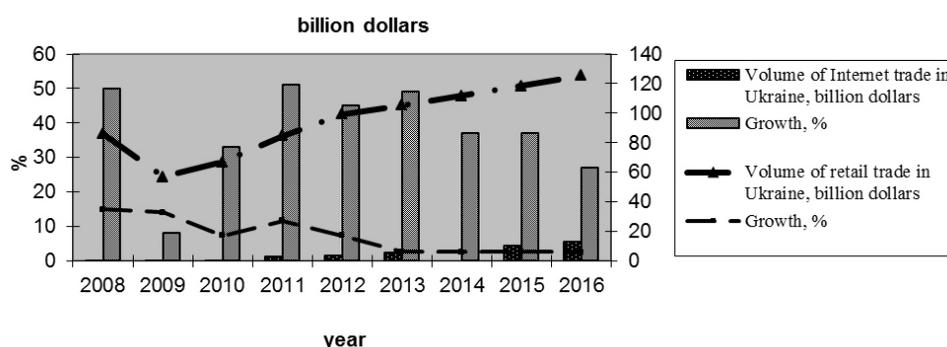


Figure 2 Volume of retail and Internet trade in Ukraine and their dynamics of growth in 2008-2016, billion dollars, %.  
Compiled by the author based on the materials [1, 5]

It is worth noting that in Ukraine, about 14% of the population use Internet commerce services, while in Germany and the UK, the share of Internet buyers reaches 80% [2]. However, the growth rate of Internet commerce in Ukraine significantly exceeds the retail segment, indicating a dynamic growth of the domestic e-commerce market (Figure 2).

A market for goods and services is developing in Ukraine for which electronic commerce is a convenient payment tool [6]. About 67% of Ukrainian Internet users visit websites that work in the field of e-commerce. Of these, OLX.ua (40.4% of users), Rozetka.com.ua (32.5%), Prom.ua (26.5%), Aliexpress.com (15.5%), Ria.com (12.4%) have priority. Top five most popular categories of goods include clothing, footwear, accessories, home and garden, beauty and health, appliances and electronics, gifts, books, hobbies.

The reasons that hinder the development of e-commerce in Ukraine should be seen in the low solvency of the population, which does not contribute to increasing network users; insufficient level of development of telecommunication infrastructure, which does not allow to provide modern services to consumers; a significant difference in the level of informatization of large cities and regions of the country, etc. [7] An important positive step towards the development of the e-commerce market was the adoption of the Law of Ukraine "On E-Commerce", which defines

the organizational and legal principles of action in the field of e-commerce in Ukraine, establishes the procedure for the implementation of electronic transactions with the use of information and telecommunication systems and defines participants' rights and duties of e-commerce relations as well as describes the procedure for concluding agreements in this area [7].

Significant importance for the development of the e-commerce market has a clear definition in the Law of the essence of the concepts of electronic commerce, E-Trade. Thus, e-commerce refers to profit-oriented relations that arise when entering into, changing or terminating civil rights and obligations that are carried out remotely with the use of information and telecommunication systems; as a result, the participants in such relations have rights and obligations of property character. In turn, electronic commerce is defined as an economic activity in the field of electronic purchase and sale, the sale of goods by a distance buyer through the implementation of electronic transactions with the use of information and telecommunication systems. According to the mentioned law, the subject of e-commerce is an entity of any organizational and legal form that sells goods, performs work, renders services using information and telecommunication systems, or the person who purchases orders, and uses these goods, work, and services through the commission of an electronic transaction. It should be noted

that the law also defines the basic principles of legal regulation in the field of electronic commerce, the procedure for concluding an electronic contract, the specifics of payments in the field of e-commerce, the basis for the protection of personal data in the field of e-commerce, and the peculiarities of storing electronic documents [8].

Among the main areas of stimulation of the domestic e-commerce market was the need to harmonize the legal norms of the conclusion of transactions in electronic form, to ensure the state assistance to the development of e-commerce to eliminate the obstacles to the implementation of electronic transactions, the prevention of any form of discrimination, the dissemination of information about Internet commerce opportunities and benefits for business at their introduction; eliminating barriers to trade with countries around the world, building e-commerce market infrastructure.

#### 4 Conclusions

The latest technology is gradually transforming the basic principles of a traditional market economy towards the use of modern convenient approaches to international operations. The international information network of the Internet has become of great importance in the development of the global market. This led to the possibility of using new ways of doing business, in particular, in the form of online transactions. In Ukraine, e-commerce plays an important role in the development of commercial and economic space, reducing the cost of individual operations and stimulating the expansion of business cooperation. The further development of e-commerce in Ukraine is an effective way to enter the world market for domestic enterprises and increase their competitiveness, one of the areas of integration cooperation in the context of strengthening and intensifying foreign trade activities.

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