

E-COMMERCE: PROGRESS OF UKRAINE AND WORLD TREND



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The world economy felt the effects of the financial crisis that started in late 2007 and took place in September 2008. It has not been able to restore the growth of previous decades. Conditions, in which there was growth, were formed particularly due to the socio-economic development of developing countries. This tendency was formed thanks to them and used by some large developing countries. It has helped to lay the foundation for global recovery and the most devastating crisis processes were taken under the control.

For the leading countries of Western Europe and the United States share of e-commerce in 2012 was about 7 %, by 2017 the share of retail e-commerce will reach 10 %. World leader in the proportion of e-commerce in total retail trade – is the United Kingdom (13% in 2012.). As to Russia and Ukraine, for these countries, the share of e-commerce in total retail sales is still small – 1.8 % and 1.5 % correspondingly, but the growth potential is enormous.

Rapid growth is projected in online sales from 10% at present to about 20% in 2020 [1].

In the nearest 5-10 years, the market of e-commerce in the region of Central and Eastern Europe will undergo changes that will lead to greater concentration and globalization.

Simultaneously with above-mentioned trends another trends are observed. These trends are not very positive: human labor is gradually being replaced by machine, enterprises reduce jobs. So in Russia today in GDP- Internet commerce has a share that is like a half of power engineering. In terms of revenue per employee leading e-commerce companies are much more efficient than companies in other sectors of the economy. Thus authorities should pay attention to this trend otherwise the scale of the economic disaster can be quite significant. It is necessary to look undivertedly at this situation from social point of view, effectiveness of new technologies. The attention should be paid to the necessity of the economy and education restructuring according to the new reality.

Thus, in recent years in the retail sector, there are constant changes. Macroeconomic factors determine the dynamics of purchasing power and the new consumer behavior. Trade became respond to these changes in the environment by the creation of new business concepts, using experiments with new forms of customer relationships, manufacturing private labels and brands. Business has no geographical boundaries; the online store can sell products on a global scale. Competitive advantage will be the companies that will benefit from the latest features: optimize their proposals, will

target new audiences, provide better communication with constant customers and implement fundamentally new forms of activity.

To set up the trends, analyzes at some statistics, courtesy of Trend Watching, that show us the projected growth, across the globe, in the e-commerce world [2]:

- US e-commerce sales will grow 62% by 2016, to USD 327 billion (Source: Forrester, February 2012).
- European e-commerce sales will grow by 78% by 2016, to USD 230 billion (Source: Forrester, February 2012).
- Brazilian e-commerce sales will grow 21.9% in 2012 to USD 18.7 billion (Source: eMarketer, January 2012).
- Chinese e-commerce sales were CNY 780 billion (USD 124 billion) in 2011, an increase of 66% from 2010. E-commerce is expected to rise from 3% of consumption to 7% by 2015 (Source: IDC, March 2012).
- India's e-commerce market is expected to grow to USD 70 billion by 2020, from just USD 600 million in 2011 (Source: Technopak Advisors, February 2012).
- Indonesian e-commerce sales are forecast to grow from USD 120 million in 2010 to USD 650 million by 2015 (Source: Frost & Sullivan, February 2012).

E-commerce is one of the fastest growing markets in Europe. The statistics are problematic, as state statistical research organizations tend to underestimate the size of the sector.

Research firm Forrester Research predicts growth in sales of food and non-food products through the Internet in Europe by 2015. Share of retail sales of goods over the Internet in total will increase in the UK to 15%, in France – up to 6%, and in Germany – up to 5%.

Analyzing the status and trends of e-commerce in the world and Ukraine, while waiting the crisis, were discovered the strategic direction of e-commerce in Ukraine (Table 2)

Deficit of the state regulation in Ukraine does not mean that the Internet market sales in a mess. This market can be called semi-organized – in view of the fact that the elements of regulation are trying to develop and implement its own members. Another

Table 2

Impact of the crisis and expected long-term tendencies of e-commerce in Ukraine (authoring)

Indexes	Tendencies in e-commerce during the crisis	Expected medium-and long-term trends in e-commerce after the crisis
The overall growth of e-commerce	Stagnation and even decline in e-commerce in the current crisis	The overall growth and recovery of e-commerce
Profitability	Reductions due to price dumping	Participants of e-commerce increasingly focused on the growth of profitability
Level loss	Rising losses due to the weakening of the hryvnia	Loss rate stable \ decreases in retail e-commerce
The level of expenditure	Increase the size of the commission to bring the best communication agencies	The overall reduction in costs due to the normalization of market
In geographical terms		
Kyiv	The period of intensive growth of e-commerce	Period convergence of electronic and traditional retailers
Oblasts of Ukraine	A small development of e-commerce in other cities in comparison with Kyiv and Kyiv region	A slow development of e-commerce in other cities in comparison with Kyiv and Kyiv region
Forms of selling goods through		
E-commerce	Relatively stable sales growth	Powerful development of e-commerce
Combination of electronic and traditional retailers	Passive development	Sustainable development

characteristic feature of this market is the absence of pronounced branch policies on e-commerce and the body, which would take over the development of this policy.

Thus, it is important to coordinate the actions of large and medium-sized trading companies interested in the legalization of the market and the replacement of the "gray" goods and unscrupulous market participants to strengthen state control over the perpetrators, to develop new forms of regulation in the form of laws and regulations, including a law "On the Internet (E-commerce) trade", to control the content of sites with the requirements of all regulatory conditions and to close websites offenders.

Taken into consideration this, and the experience of the countries of Europe and America, we can conclude that some of the largest retail shops now may not need to work as hard as will be necessary to work in the future. The last decade was a period of intensive expansion and a relatively low rate of innovation, while on the next decade we can expect fewer new areas, but more ambitious innovations.

Retailers can expect the reduce of costs through the use of new technologies, not just focusing on the major network providers like in the last 10 years. Costs will be reduced to the extent that more and more companies will outsource functions that are not their core. In addition, certain operating expenses, which rose in a stable period in the deteriorating economic situation, could be reduced.

The most likely tendencies of development of marketing in trading companies, taking into consideration the influence of various factors are: the policy of low prices, adaptation to the diverse needs of consumers and expanding services.

References

[1] www.kelkoo.co.uk

[2] Top eCommerce Sales Trends for 2013 – Mode of access: <http://outright.com/blog/top-ecommerce-sales-trends-for-2013/>