

**Anatoliy HRYHORUK**

*Associate Professor at the Department of Philosophy and Social Sciences  
Ternopil Volodymyr Hnatiuk National Pedagogical University  
a.hryhoruk@ukr.net*

**Victoria KYDANIUK**

*Master's student  
Ternopil Volodymyr Hnatiuk National Pedagogical University  
kidanukviktoria@gmail.com*

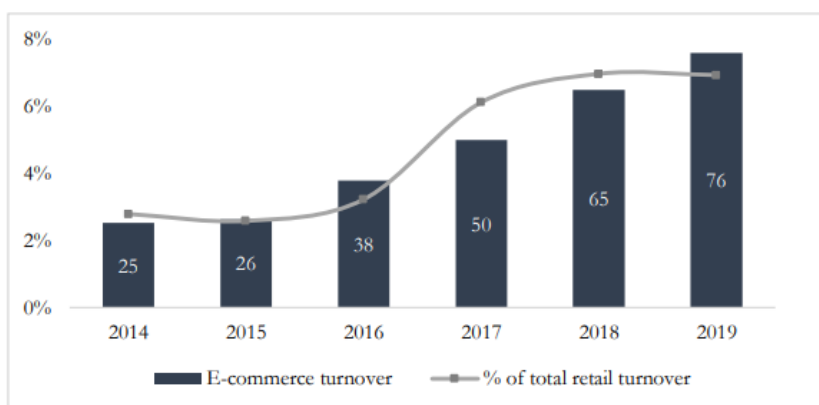
## **THE ECOMMERCE MARKET IN UKRAINE**

Taking into consideration the engagement of Ukraine in the globalization processes, e-commerce has now become perhaps one of the most promising niches of business in Ukraine. According to the estimates of one of the largest Ukrainian product IT companies – EVO, the turnover of physical goods and services purchased in Ukraine online as of 2019 was 76 UAH bn or 6.9% of total retail sales. Nevertheless, if comparing these volumes with the global ones, it becomes clear, that the Ukrainian e-commerce market is still on its infancy stage [1, p. 21].

Moreover, considering the fact that the market is not mature, it is, therefore, extremely fast-growing. In particular, over the last six years, it has demonstrated outstanding growth backed by a CAGR of 24.7%. At the same time, the well-established retail trade segment in Ukraine was maintaining a growth rate of 3.9%. Furthermore, this argument could also be supported by the data from SSSU regarding the constantly decreasing number of offline stores (retail trade enterprises), as starting from 1990 their availability was decreasing with a CAGR of 3.8% [5].

With an increase of 27%, the Ukrainian eCommerce market contributed to the worldwide growth rate of 29% in 2021. Revenues for eCommerce continue to increase. New markets are emerging, and existing markets also have the potential for further development. Global growth will continue over the next few years. This will be propelled by East and Southeast Asia, with their expanding middle class and lagging offline shopping infrastructure [8].

The eCommerce market includes online sales of physical goods to a private end user (B2C). Included in this definition are purchases via computer as well as mobile purchases via smartphones and tablets. Excluded from the definition of eCommerceDB are the following: digitally distributed services (e.g., travel tickets), online stores dedicated to digital media downloads or streams, online stores dedicated to B2B markets, and sales between private individuals (C2C) within the eCommerce market [2, p. 41].



Ukrainian retail e-commerce sales (2014-2019), in billions of UAH [5].

«Rozetka» is the biggest player in the Ukrainian eCommerce Market. The store had a revenue of US\$246 million in 2021. It is followed by apple.com with US \$55 million revenue and makeup.com.ua with US \$46 million revenue. Altogether, the top three stores account for 35% of online revenue in Ukraine. Store rankings are based on every store that generates revenue in Ukraine. These stores can either have a national focus and only sell in their main country or operate on a global scale. For this evaluation, only revenue created in Ukraine was considered [4].

«Wildberries» is one of the fastest-growing stores in the Ukrainian market. The store achieved sales of about US\$2.9 million in 2021. Its revenue growth amounted to 195% in the previous year [8].

Market expansion in Ukraine is expected to continue over the next few years, as indicated by the Statista Digital Market Outlook. It has been predicted that the compound annual growth rate (CAGR 21-25) for the next four years will be 9%. Compared to the year-over-year growth of 27%, this decrease suggests a moderately flooded market. Another indicator of market saturation is the online penetration of 35% in Ukraine; in other words, 35% of the Ukrainian population have bought at least one product online in 2021 [3, p. 34].

Five categories are considered by ecommerce DB. Electronics & Media is the largest segment in Ukraine and accounts for 27% of the eCommerce revenue in Ukraine. This is followed by Fashion with 26%, Furniture & Appliances with 20%, Toys, Hobby & DIY with 15% and Food & Personal Care with the remaining 12% [9].

Nova Poshta is the most frequently offered delivery service provider among online stores in Ukraine. Of those stores that indicating which service they use to transport their goods, 84% cited Nova Poshta as one of their providers.

Moreover, Ukrposhta and Meest Express are among the top three shipping service companies offered by online retailers in Ukraine, at rates of 34% and 24% [7].

Shipping information is based on orders from the store's main country, which is defined as the one where the store generates most of its online revenue. In this case, it is Ukraine. Only stores that provide information about their shipping providers can be considered.

In conclusion, despite all the limitations of the Ukrainian online environment, the e-commerce market demonstrates a rapid growth year by year, being one of the most fast-growing among European countries. Among the factors which restrict even more rapid market expansion could be highlighted the below-average level of internet penetration, the complexity of establishment of a conscientious logistics system, comparably low percentage of the internet users accustomed to regular online shopping. The mitigation of all these issues together with the proper application of several existing growth drivers will indeed boost the pace of growth to the new levels. To be more precise, among the triggers of the possible market growth expansion should be mentioned the high levels of Internet availability and affordability in the country, the readiness of people to extend its usage, rapid implementation of cashless payments into everyday life.

### ***REFERENCES***

1. Alsubaie M. B-Economics and Commerce. Global Journal of Management and Business Research 16 (July). 2016. 114 p.
2. Altarifi S. Determinants of E-Shopping and its Effect on Consumer Purchasing Decision in Jordan. International Journal of Business and Social Science. 2015. 78 p.
3. Bray J. Consumer Behavior Theory. Approaches and models. 2008. P. 34-38.
4. Ecommerce Europe. 2021. European Ecommerce Report. URL: <https://www.ecommercewiki.org/reports/792/european-ecommerce-report-2019-free> (date of application 26.04.2022)
5. EVO Business Report. 2019. Results and plans: e-commerce of Ukraine 2018/2019. URL: <https://evo.business/itogi-plany-e-commerce-ukrainy-20182019/> (date of application 27.04.2022)
6. Katawetawarakas Chayapa, and Wang Cheng Lu. Online Shopper Behavior: Influencers of Online Shopping Decision. Asian Journal of Business Research. 2011. 264 p.
7. KPMG. 2021. Global Online Consumer Report. URL: <https://assets.kpmg/content/dam/kpmg/xx/pdf/2021/01/the-truth-about-onlineconsumers.pdf> (date of application 26.04.2022)
8. State Statistics Service of Ukraine. Statistical data on domestic trade and commodity markets. URL: [http://www.ukrstat.gov.ua/operativ/menu/menu\\_u/spr.htm](http://www.ukrstat.gov.ua/operativ/menu/menu_u/spr.htm) (date of application 26.04.2022)

9. Future opportunities in FMCG e-commerce. URL: <https://www.nielsen.com/wp-content/uploads/sites/3/2019/04/fmcgeCommerce-report.pdf> (date of application 27.04.2022)

**Volodymyr BUZHAN**

*Ph.D Candidate in Economics*

*Institute for Economics and Forecasting NASU*

*Kyiv, Ukraine*

*vbuzhan.ief@gmail.com*

## **PERCEPTION OF INNOVATIONS BY SMES: CASE OF UKRAINE**

### **Introduction**

Constant innovations driven by fierce competition is a key factor of economic development in the global economy. Ukraine has had a significant industrial potential in 1990, but for many reasons has not been able to maintain and realize that potential. Since 2014 Ukraine has been focused on defending its territory from Russian aggression which culminated in a full-scale war in 2022. Introduction of innovations is even more critical considering significant damage caused by Russian invasion, as it is critical to build new instead of restoring old and inefficient infrastructure, buildings, production facilities, etc.

**Background information on innovations introduced by SMEs** SMEs play an important role in Ukraine creating over 79% workplaces. Still, the contribution to the GDP of Ukraine reaches only 16%, while in European countries share of the GDP created by the SMEs reaches 50-80%. In addition, Ukraine, as a transition economy has introduced reforms that liberalized the markets and formed conditions for the development of SMEs.

The healthcare reform fostered the development of entrepreneurship among doctors: over the last 5 years over 17 thousand healthcare professionals have registered individual entrepreneur status. As a results of transition from budget support of state hospitals the government introduced the model of financing per services provided to the patient thus providing doctors with an opportunity to start their own business. The key factors for doctors to start their own private medical service provision was an opportunity to provide services of higher quality, independence, and opportunity to have higher income.

Another difference between Ukrainian and European SMEs is that smaller number of Ukrainian SMEs participate in the global value chain creation, basically export the products. In Ukraine less than 75% of SMEs export their products, while in Germany over 98% of SMEs export their products.