

# РОЗДІЛ III

## *Економіка та управління підприємствами*

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### **E-BUSINESS IN UKRAINE: PECULIARITIES, TENDENCIES, PROSPECTS**

**Introduction.** It is evident that the electronic business plays a central role in the economy development, facilitating the exchange of information, goods, services, and payments. We feel very strongly that entrepreneurs who understand the role and significance of e-business and are ready to meet the sharply expanding scale of cross-border e-commerce will be the winners of tomorrow in the world market. An initial point to underline in connection with these tendencies is that business which does not give some attention to e-business and e-marketing promotion could very easily lose its place on the market. This explains the hyper attention to the e-business nowadays and as a result the necessity of studying this question.

The purpose of the article is to study the characteristic features of e-business in Ukraine, to determine the latest tendencies of its development and to propose the certain steps to increase its growth.

**Results.** Recent researches support the view that organizations can have a significant benefit of using e-business tools in their everyday operations. The article examines the benefits, problems and limitations of e-business in Ukraine. It has been distinguished that Ukraine is an attractive market for the development of e-commerce. It has a large potential for e-business and its related activities. In 2018 Ukraine ranked the 2<sup>nd</sup> place in the turnover growth of online usage among European countries. A major factor stimulating Internet growth is the drastic improvement of the telecommunications infrastructure in the country. Advantages and risks of new electronic marketing techniques were considered in the article. The main strengths of online marketing system are high quality customer service, greater reach, time saving customer loyalty, easy access to information, 24 hours access and personal contact with the customer. Considering the risks, it was admitted that e-marketing requires considerable time investment to get the results and it takes a long time to generate meaningful interactions. Conditions that should be arranged for successful e-business model implementation were determined. It was pointed out that in order to increase the development of e-business in Ukraine that certain steps such as harmonizing of essential laws and standards to the European ones, enhancing the use of web analytics tools, providing an appropriate choice of communication channels and improving administrative regulations regarding e-business procedures should be taken. In this regard, Ukrainian businesses need all the support they can get from policymakers and regulators in order to be able to grow in an increasingly competitive global market.

**In conclusion,** in order to stay effective, to improve operational efficiency, profitability, and to strengthen their competitive position business organizations should definitely adopt e-business model. It is not enough to have high quality products or services to operate successfully in the market; productive introduction of new e-business models is vital in a computerised electronic environment. In this regard, if Ukrainian government wants its companies to fully

play their role in a globalized world, it needs to create a harmonized market and a favourable environment where domestic e-business companies can flourish. Prospects for further research can be seen in the analysis of the methods of measuring the effectiveness of different e-business models.

**Key words:** e-business, e-commerce, e-marketing, business model, new technologies, exchange of information.

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### **ЭЛЕКТРОННЫЙ БИЗНЕС В УКРАИНЕ: ОСОБЕННОСТИ, ТЕНДЕНЦИИ, ПЕРСПЕКТИВЫ**

В статье раскрыта сущность и преимущества электронного бизнеса, по сравнению с традиционными его видами. Описаны роль и перспективы электронного бизнеса для тех бизнес-организаций, которые пытаются внедрить современные электронные технологии в свою ежедневную деятельность. Рассмотрены современное состояние, перспективы, проблемы и ограничения электронного бизнеса в Украине. Проанализированы преимущества и риски новых методов электронного маркетинга. Определены условия, способствующие успешному развитию электронного бизнеса. Предложены пути совершенствования электронной бизнес-модели в Украине.

**Ключевые слова:** электронный бизнес, электронная коммерция, электронный маркетинг, бизнес-модель, новые технологии, обмен информацией.

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### **ЕЛЕКТРОННИЙ БІЗНЕС В УКРАЇНІ: ОСОБЛИВОСТІ, ТЕНДЕНЦІЇ, ПЕРСПЕКТИВИ**

В статті розкрито сутність та переваги електронного бізнесу, в порівнянні з традиційними його видами. Описано роль та перспективи електронного бізнесу для тих організацій, які намагаються впровадити сучасні електронні технології у свою щоденну діяльність. Розглянуто сучасний стан, перспективи, проблеми та обмеження електронного бізнесу в Україні. В роботі проаналізовано переваги та ризики нових методів електронного маркетингу. Очевидно, що безпека та конфіденційність є ключовими факторами, що визначають розвиток електронних моделей господарювання. Визначено, що Україна є привабливим ринком, що має великий потенціал для розвитку електронного бізнесу та пов'язаної з ним діяльності. У 2018 році Україна посіла 2-е місце за зростанням обороту користування Інтернетом серед європейських країн. Основним фактором, що стимулює зростання використання Інтернету, є різке вдосконалення телекомунікаційної

інфраструктури в країні. Однак існує перелік проблем, що перешкоджає ефективному розвитку електронних форм господарської діяльності в Україні.

Досліджено умови, що сприятимуть успішному розвитку електронного бізнесу. Запропоновано шляхи вдосконалення електронної бізнес-моделі в Україні. Ми вважаємо, що розробка ефективної стратегії розвитку ринку, розширення використання інструментів веб-аналітики, що дозволяє, точно оцінити ефективність здійснених онлайн-ініціатив, підвищення довіри населення до онлайн-операцій, гармонізація основних законів та стандартів проведення електронних операцій, сприяння пріоритетності інвестицій у нові технології та цифрову освіту, удосконалення адміністративних процедур ведення бізнесу, а також підвищення надійності систем оплати дозволять суттєво підвищити рівень розвитку вітчизняного ринку електронного бізнесу.

Таким чином для підвищення ефективності діяльності та зміцнення своїх конкурентних позицій бізнес-організації обов'язково повинні прийняти модель електронного бізнесу. Для успішної роботи на ринку недостатньо високоякісних товарів чи послуг; продуктивне впровадження нових моделей електронного бізнесу є надзвичайно важливим в комп'ютеризованому електронному середовищі.

Перспективи подальших досліджень вбачаємо у діагностуванні ефективності різних моделей електронного бізнесу.

**Ключові слова:** електронний бізнес, електронна комерція, електронний маркетинг, бізнес-модель, нові технології, обмін інформацією.

**Introduction.** Nowadays people of all ages and nationalities are spending more and more time online. They are not just reading news, but are using online shopping, online banking, web communities, social networks, chats and a lot of other things that the web makes possible. In this respect the growth of globalization and cooperation, the continuous development of new technologies and dynamic changes of the environment lead managers to find innovative strategies for improving business performance. To be effective in the modern competitive market all factors of production such as land, labour, capital and entrepreneur skills should be managed in a progressive way. Clearly, contemporary society has faster access to information which definitely increases the speed of doing business. It is evident that the electronic business plays a central role in the economy development, facilitating the exchange of information, goods, services, and payments. It propels productivity and competitiveness and subsequently increases enterprise performance.

**Literature review.** One of the first scientific analysis in the sphere of e-business was conducted by Albert and Sanders [1]. The scholars defined e-business as a concept and process of adapting the relevant and current technologies to the philosophy of marketing and management. Focused attention on the areas of e-commerce, business intelligence, customer relationship management, supply chain management, and enterprise resource planning provide a framework for effective performance. As well as that the concept of e-business marketing leads to the realization that traditional marketing tools and approaches have to be transformed into electronic media. Many scholars determine the need for moving elements of traditional marketing strategies and activities to a modern computerized, networked environment such as the Internet [2, p 118 ].

E-marketing is defined by Joseph P.T. as any marketing activity that is conducted online through digital, networked environment such as the Internet. E- Marketing is a mixture of all the activities of advertising, promotion publicity deciding the look and feel of the product, how it will be sold and sent to the customer [3].

Kokolanski et all declare that the expansion of the Internet allows for greater availability of information, but on the other hand the expansion leads to opportunities for placement of misinformation, because it is an open system for anyone to publish data and information [4].

Clearly, new information and communication technologies are becoming more and more important in the life of individuals today. E-commerce continues to expand in Europe and today as many as 270 million Europeans say that they regularly shop online [5]. In parallel with consumers' growing online shopping habits, another trend is emerging and becoming clearer year by year: more and more people are buying from outside the borders of their own country. Against that background, it is important for e-sellers to adapt their offering to more international consumers, who are always seeking the best offering in terms of everything from products to simplicity, delivery and service.

**Problem statement and research objectives.** It's evident that customers' expectations and needs change over time; therefore, a company must be ready to update its system in a new technological way in

order to meet the changing demand of the marketplace. We feel very strongly that entrepreneurs who understand the role and significance of e-business and are ready to meet the sharply expanding scale of cross-border e-commerce will be the winners of tomorrow in the world market. An initial point to underline in connection with these tendencies is that company which does not give some attention to e-business and e-marketing promotion could very easily lose its place on the market. This explains the hyper attention to the e-business nowadays and as a result the necessity of studying this question.

Thus, our primary objective is to identify the characteristic features of e-business in Ukraine, to determine the latest tendencies of its development and to propose the certain steps to increase its growth.

**Key results.** The use of the Internet allows businessmen to communicate with clients and conversely interact with consumers at anytime and anywhere. It is clear that the Internet has changed the way people communicate, conduct business and manage their daily lives. What's more the evolution of internet technologies launched new types of electronic business, or e-business models. In the internet environment, four distinct electronic marketplaces have developed: B2B (Business-to-Business where business sells to other businesses, such as intermediaries, suppliers, and distributors), B2C (Business-to-Consumer where a business sells directly to the final customer or end user), C2C (Consumer-to-Consumer where a customer sells directly to the final customer or end user) and C2B (Customer-to-Business where customers approach the business on their own terms or generate content to support the business).

By integrating e-business activities with the corporate website, companies can sell products online, have online billing and payments, provide customer service, and inform the customer about new sales and promotion.

Recent researches support the view that organizations can have a significant benefit of using information technology. Global communication helps businesses to achieve maximum number of users and provide them with information about their company and products. The Internet allows consumers to immediate access to information 24 hours per day, 7 days per week with one click. Operating "real-time" means that users are free to decide when to send and receive information. Space on the Internet is infinite and the information could be published without any restrictions or the amount of printing and publishing costs. To say nothing of two-way communication, where users receive and send information, is the explanation of interactivity.

The e-business model gives the user more control over transactions and gives the ability to learn more about the company, product and brand. Furthermore, such kind of model makes it possible to communicate with consumers using different formats (3D media) that involve users in more visual and attractive world. To understand the behaviour of consumers, it is necessary to identify the reasons which encourage the Internet users to become e-customers.

One of the advantages of conducting business online is that it is convenient for the customer to order and in return, this feature of business could increase sales volume.

Clearly the two main issues for conducting business online are privacy and security. Various surveys have indicated that online shoppers are concerned about their privacy, in particular about the confidentiality of the personal data they provide to online retailers. It's equally important to understand and comply with legislation and regulations applying to e-business, marketing and personal data management in the countries where you have operations. An initial point to underline is that before venturing into e-business, many factors such as cost, change of corporate culture, security, availability of resources, resistance to change by employees, and integration of e-business into business activities should be considered by managers.

Now let us zoom in on electronic marketing technologies. Clearly, companies involved in the commercial production of goods and services need advertising in order to publicize and promote their products to the customers all over the world thereby helping to improve sales. In the globalized environment, electronic marketing technologies are the most influential factors that shape consumer's tastes, choices and life in general.

It would be difficult to neglect the dynamic changes in the way companies promote their brands. The traditional marketing approaches are giving way to modern e-marketing techniques.

The network marketing is that we can use Internet making continuously services in every step of products pre-selling, products selling and products after-selling. It runs in the whole process of business operations and includes the search for new customers, service for old customers [6].

These technologies include the Internet media and other digital media such as wireless mobile media, cable and satellite. The service quality is defined as the ability of the organization to meet or exceed customer expectations. Internet marketing will include the use of a company web site in conjunction with online promotional techniques such as search engines, banner advertising, direct e-mail and links or services from other web sites [7].

Scholars distinguish several e-marketing methods (sometimes called types) such as search engine market (SEM), online PR, e-mail marketing, banner advertisement, viral market, and blog market [2]. We feel very strongly that social media marketing should be distinguished as a separate type of brand promotion.

Now we consider benefits and risks of e-marketing. The main strengths of online marketing system are high quality customer service, greater reach, time saving customer loyalty, easy access to information, 24 hours access and personal contact with the customer. Considering the risks, we must admit that e-marketing requires considerable time investment to get the results and it takes a long time to generate meaningful interactions. Because customers and critics can engage with the brand openly, companies no longer have full control over the marketing message of the product or service. At the same time, it is clear that a single e-marketing tool is not as effective as accurately planned e-marketing campaign. Whereas traditional marketing is about carrying the brand message to the customer, e-marketing implies a communication between the company and the consumer. Unlike most of traditional marketing, where an advert or promotion will expire after a certain amount of time, internet marketing is all about long-term, ongoing projects. Online brand promotion requires more planning and will remain active much longer than a traditional marketing campaign. At the same time, internet marketing also includes one-off projects like online adverts and promotional content. This means that internet marketing requires a unique and distinct approach, that improves the overall business performance.

We would like to mention some important conditions in the e-marketing model such as strong communication network with high reliability, high level of technical knowledge, professional management, customer relationship management, proper responsiveness and high security level that affect the efficiency of electronic marketing.

It is evident that every business organisation should identify and choose the e-business model tools that will most effectively use scarce resources to achieve critical company objectives. For instance, the use of e-commerce methods in business such as promotion and advertising of products, services and capabilities through Internet, communication with customers and other innovative techniques improve market share and build positive view and awareness of the brand in the market.

It has been calculated that in Europe enterprises total turnover from E-commerce reached 15% in 2014, growing to 19% in 2017 [8].

Ukraine has a very low internet penetration. In fact, data from the Ecommerce Foundation shows that its share of 64 percent is the lowest in Europe in 2018 [9]. What is more Ukraine has the lowest share of consumers using the internet who shopped online (22% in comparison with 88% in Switzerland). According to information from [ecommercenews.eu](http://ecommercenews.eu), the local ecommerce industry consists of about a hundred companies and several thousand employees. Ecommerce is said to represent just 2 percent of total retail sales [10].

At the same time, we strongly believe that Ukraine is an attractive market for the development of e-commerce. It has a large potential for e-business and its related activities. In 2018 Ukraine ranked the 2<sup>nd</sup> place in the turnover growth of 15% of online usage among European countries. A major factor stimulating Internet growth is the drastic improvement of the telecommunications infrastructure in the country [9].

Thus, the e-business in Ukraine has a great potential, the following steps are proposed to increase its further development:

- to harmonize essential laws and standards so that European businesses can rely on single sets of rules when operating cross-border
- to develop an accurate strategy for e-business and especially for e-marketing activities;
- to increase the use of web analytics tools that allows, among others, to meet customer behavior and evaluate the effectiveness of the undertaken online initiatives;
- to change the approach to the social media and its potentialities;

- to provide an appropriate choice of communication channels, including more and conscious use of different techniques;
- to propel investments in new technologies and in digital education, so that e-commerce businesses are empowered to shape Ukraine's digital future;
- to improve administrative regulations regarding e-business procedures.

This in turn will force a change in the perception of e-business. Companies that have become aware of this fact will be in a far better situation. In this regard, Ukrainian businesses need all the support they can get from policymakers and regulators in order to be able to grow in an increasingly competitive global market. If Ukrainian government wants its companies to fully play their role in a globalized world, it needs to create a harmonized market and a favourable environment where domestic e-business companies can flourish.

**Conclusions and future research prospects.** To sum up, in order to stay effective, to improve operational efficiency, profitability, and to strengthen their competitive position business organizations should definitely adopt e-business model. In other words, to attract more customers and survive in the global market entrepreneurs have also had to change means of managing a business to the progressive ones. It is not enough to have high quality products or services to operate successfully in the market; productive introduction of new e-business models is vital in a computerised electronic environment.

Beyond the points which have been discussed above, it will be necessary to devote future research to an exploration of the methods of measuring the effectiveness of different e-business models.

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