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GLOBAL TRENDS OF E-COMMERCE DEVELOPMENT

***Summary.** The article are focused on the analysis of the electronic market, global trends in e-commerce, market size of e-commerce and the prospects of their development; also examined the leaders of the e-commerce market and the fastest-growing markets; investigated the state of mobile commerce in the world; formed five trends of Ukrainian e-commerce market.*

***Key words:** e-commerce, virtual economy, electronic market, Internet, Internet sector, online stores, digital buyers, m-commerce.*

Formulation of the problem. The e-commerce market is developing extremely quickly, but it is necessary to investigate world trends in its development. Today, the most developed e-commerce markets are the US, Western Europe and East Asia. Ukraine is still at the stage of implementing e-commerce in everyday life. In order to increase the volume of e-commerce it is important to give advantages for online consumers by taking an example from the developed electronic markets of the world. Nowadays, the key issues are the protection of buyers' rights on the Internet and the constant improvement of Internet relationship regulation. The most urgent issue in Ukraine is the popularization of Internet wallets and introduction global trends.

The recent investigations and publications. The important contribution to defining e-commerce was made by such researchers of western schools as A. Summer [11], M. Stanley [13], K. Kendall, E. McCarthy, B. Marshall, E. Melz, K. Rihelsford, P. Steynbart, I. Sharp and others. Ukrainian and Russian scientists also investigated some issues of electronic commerce, among them are: L. Patramanska[6], O. Kudinov[7], A. Krednets [8], M. Voznyy [10], T. Tardashkina [12], V. Rudnytsky, N. Chebanov, L. Yanchev.

N. Chuchko [9] and G. Lozikova have been researching the development of electronic commerce in international economic relations. K. Dobreva [3] determines the results of e-commerce in the world, identified the importance of international e-commerce in the global economy, the basic trends of its development. However, there is a need for researching the newest trends in such area as the development of information economy is growing rapidly.

Purpose and objectives. The purpose of the article is to determine the current state of global e-commerce market and to form the main trends of e-commerce development.

Main material and results of the research. Retail e-commerce sales worldwide were 2842 billion US dollars in 2018 and are expected to rise to 3458 billion in 2019, according to [1]. Thus, global e-commerce sales are predicted to show 21,67% growth, which is a huge number for business and certainly a steady trend with no signs of decline. Same steady growth goes to the share of e-commerce when it comes to its global share of retail – from 10.2% in 2017, it jumps to 11.9% in 2018 as predicted.

Purchasing goods and services online has become a common practice among many people around the world. Some choose to make online purchases for convenience, others because of the competitive price offered by some e-commerce platforms. Digital buyers can also be influenced by a range of digital resources when shopping, such as brand emails and product reviews. Digital buyers penetration worldwide states for 46.4% and will increase to 47.3% in

2018.

The top 5 countries of e-commerce value presented in Table 1.

Table 1

E-commerce ranking by countries, billion US dollars

№	Country	2013	2014	2015	2016	2017	2018
1	China	315,75	426,26	562,66	714,58	871,79	1011,28
2	US	264,28	305,65	349,06	394,43	442,55	493,89
3	UK	70,39	82,00	93,89	104,22	114,64	124,96
4	Japan	62,13	70,83	79,33	88,06	96,87	106,07
5	Germany	51,91	53,38	73,46	82,93	91,97	99,33

Source: systematized by authors by [1]

E-commerce is literally booming right now in South East Asia. China is the most prominent market in digital commerce. The market is currently led by Alibaba group. In 2018, e-commerce represented 1011,28 billion US dollars in terms of sales and 15.9% of the country's share of total retail sales. Before China's emergence in e-commerce, USA was leading the global market. Today, USA comes in second thanks to the help of giant marketplaces like Amazon and eBay. 493,89 billion US dollars worth of sales have been generated in the country, representing 7.5% share of total retail sales. UK is smaller than the leaders, which means that the country's customers are fond of online shopping. This shopping is mostly done on Amazon's regional website : Amazon.co.uk. Top leader on the market, the giant is followed by Argos and Play.com, which is now a part of Rakuten. With 124,96 billion US dollars and 14.5% share of total retail sales, United Kingdom is at the third place of the top 5 e-commerce markets. Thus, the country has a lot to offer for E-tailers looking to expand their cross-border strategy and create a real empire across the world. Japanese customers are fond of mobile shopping. Indeed, Japan is leading the m-commerce market in the world. French digital commerce Rakuten is the leader e-commerce platform in the country. Thanks to its popularity, the country's annual online sales represent 106,07 billion US dollars, being 5.4% total retail sales. Germany is the second European country present in this rank of the top 5

e-commerce markets in the world. Just as UK and the rest of Europe, Amazon represents a big part of the local total sales done digitally[15]. It can be explained by the fact that Amazon also chose to open a regional website for the country. E-bay and Otto are some of the other major online selling websites in the area. These three marketplaces' success lead the country into generating 99,3 billion US dollars thanks to e-commerce in 2018, representing 8.4% of the total retail sales.

According to Statista calculations [1], India will rank first in terms of B2C e-commerce development with a compound annual growth rate of 19.9 in the projected period. Indonesia is ranked second with an e-commerce CAGR of 17.7 percent, followed by South Africa and Mexico. Online shopping is one of the most popular internet activities worldwide - with some product categories being more popular than others.

The statistic shows that number of total active user accounts on the online payment platform PayPal is increasing. In the last quarter of 2018, there were 254 million accounts active worldwide, representing a 15 percent year-on-year growth. The advantages of wide-reaching global payment systems allow for easier online buying, especially when taking the growth of mobile commerce into account. Other digital wallet services include Google Wallet as well as US-based Square, Lemon Wallet and LevelUp. Traditional payment providers MasterCard and Visa also offer digital wallets.

The spread of mobile devices like smartphones and tablets has lead to the strong growth of mobile commerce. The worldwide mobile payment revenue in 2018 was 930 billion U.S. dollars and is expected to surpass 1 trillion U.S. dollars in 2019.

In many physical stores, mobile devices can also be used as payment method by using NFC technologies to scan digital wallets.

The average order value of online shopping orders via smartphone and tablet devices still lags behind traditional online orders via desktop but global e-

retailers have been catching up on mobile e-commerce sales. Amazon, Apple and JD.com are the leading global e-retailers based on m-commerce sales, with market leader Amazon generating close to 56,58 billion U.S. dollars in mobile retail sales in last quarter 2018 alone. Especially web-only online merchants in China have been successful in making the transition to mobile commerce powerhouses, which comes as a small surprise with the strong Online sales are set to account for up to a third of mobile internet penetration rate in the country.

As the result of our researches, we can form the most important trends of e-commerce:

1. New generation of retail stores. Sellers have to combine formats. Online retailers are increasingly breaking into the offline market. Despite the progress, customers love to pick up goods in a real store, as it can be felt and seen [2].

2. B2b-e-commerce change. CEOs of b2b-companies put the main focus on e-commerce. Instead of taking orders by phone in companies will be engaged in online orders.

3. Product Visualization. This year, technology will allow buyers to try products by using smartphones. But a couple of years ago it seemed fantastic. Now you can see how everything will look in the house: from pillowcases to refrigerators. This will help to significantly reduce returns.

4. Change Conversion. Retailers will now know how much they will get offline profits thanks to online advertising. This became possible after the introduction of the new indicator ROPO Ratios ("Research Online, Purchase Offline" - search online, buy offline). 82% of mobile phone users are looking for stores close to home and about 20% of requests lead to buying during the day. Interconnecting modern technology, retailers can calculate the entire conversion. Average ROPO Ratio is 9: 1, that means, every dollar of online advertising give 9 dollars profit from offline trading [2].

5. The increase in the number of purchases from a smartphone.

Smartphones are entering our life more and more firmly, and making purchases from a phone is easy to do - you don't even need a physical card, as there is Google Pay and Apple Pay.

6. Artificial Intelligence in e-commerce. The more brands learn about customers, the more accurately they can set up a target. The time is not far off when it will be possible to set up advertising that is suitable in all respects - even according to your favorite color.

7. Amazon development as a marketplace. Admittedly, this year, Amazon will finally become part of every online strategy. In the West, for sure - 55% of Americans initially look for products on Amazon, whose sales account for 44% of total online sales and 4% of US retail sales.

8. Voice as a way of communication. Already, in the Domino's network, users can order pizza and control delivery only by voice, and Lyft taxi customers can call the driver through Alexa's smart assistant [2].

9. Search by image. For the first time, instead of searching by words, this year users will massively switch to searching by images. By the photo you can find exactly the product that interested.

10. The browser will cease to be the only way to find a product. Users left from "browser addiction". Now you can buy and order everything you need in applications, social networks and even using marks on Google-maps.

11. Full personalization. Positive experience - a guarantee that the buyer will return to you again. And an important role here plays an individual approach. Suggestions, recommendations and tips will be modeled for each client.

12. Video conferencing. Video content is becoming more attractive for the buyer - the text should be read, and listen to the audio, without being distracted. This is too disadvantageously now. Therefore, we reduce the time of submission using video.

13. Storytelling. Not everyone is interested in how good your product

is, but it's interesting to everyone, what is the story behind it. Products should provide real human value.

The volume of electronic commerce in Ukraine increased by 30% in the amount of 50 billion U.S. dollars, which is 3.5% of the country's commodity turnover. The Ukrainian Internet market is characterized by 5 trends of dynamic development:

- security of purchase – include different forms of payment for goods, retailers of vendors, introduced the possibility of challenging the goods and opening a dispute with the seller [4];
- service – means providing guarantees to the buyer for the selected product, online consultation on the selected product, gift wrap, etc. [4];
- secondary market – today most buyers want to update household items and personal use twice as often, so there are secondary online platforms that sell second-hand goods [14];
- new features – online stores do not cease to be surprised by the functions that replace the trip to the real store: virtual desks appear, virtual supermarket shelves, chapters are used - online shopping assistants, etc .;
- video content – increasingly online stores introduce a video representation of the product when choosing a purchase, which enables buyers to see the entire functional product [5].

To analyzing electronic commerce in Ukraine, it is necessary to distinguish the following economic factors that have a significant impact on the field of e-commerce and compare them with the indicators of the countries of the European Union:

1. Growth rate of GDP. In the EU, this indicator grows by an average of 2,4% annually, in Ukraine it increases by 2% in 2018.
2. The level of inflation. Ukraine is characterized by a very high inflation rate of 9,8%, inflation in the EU of 1.9%.
3. Unemployment rate. In the EU, this figure is 6,8%, while in

Ukraine it is 9,9%, which is not significantly higher than unemployment in Europe. The ratio of these indicators is shown in Figure 1.

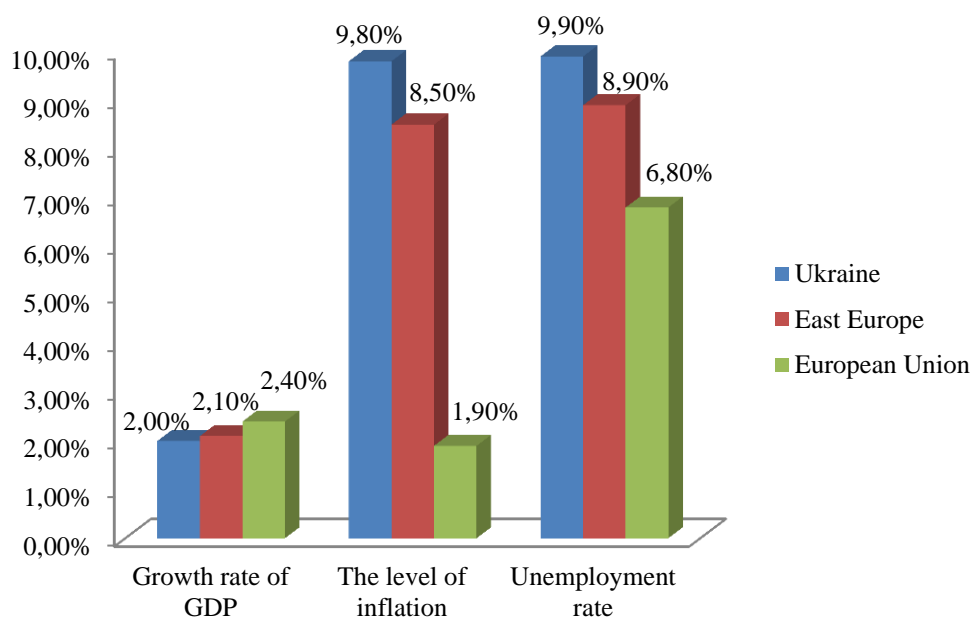


Fig. 1. The ratio of macroeconomic indicators of economic growth of the EU and Ukraine in 2018, % [15]

Another problem encountered in the Internet market of Ukraine is a low level of economic indices:

1. The Logistics Performance Index – 2,83 points out of 5 possible [16].
2. Business Freedom Index - 52 points of 100 possible [17].

These indicators make a significant contribution to e-commerce. Since logistics primarily depends on the speed and quality of delivery of goods and services ordered through the Internet, while the current problem with Ukrainian roads is the risk of damage to goods during transportation, as well as late delivery.

For business freedom, it should be noted that before the release of the law on e-commerce, e-business was not at all regulated by any legislative document. Today, this law regulates issues related to protecting the rights of buyers and sellers, terms of settlement, as well as resolving disputes between participants in the online market. However, the problems of transparency of legislation and

high levels of corruption are still relevant for Ukraine. There is still no state body in Ukraine that is involved in the development of e-commerce sphere and controls e-market. These functions are performed by the Ministry of Economic Development and Trade, which forms and implements state policy in the fields of economy and trade, but there is not even a separate department dealing solely with the development of e-commerce, so the online sector develops independently under the influence of market levers and practically without the intervention of the state apparatus, therefore the electronic market of Ukraine is still developing and today it is significantly behind the indices of European countries.

Conclusions and prospects for further research. E-commerce is developing rapidly. Retail e-commerce sales worldwide are expected to rise to 3458 billion in 2019. Nowadays, China, US, UK, Japan and Germany are absolutely leaders of e-commerce retail. E-commerce is literally booming right now in South East Asia. According to Statista calculations, India will rank first in terms of B2C e-commerce development with a compound annual growth rate of 19.9 in the projected period. Indonesia is ranked second with an e-commerce CAGR of 17.7 percent, followed by South Africa and Mexico. Mobile commerce became the most popular way to buy online. Japan is leading the m-commerce market in the world. The number of digital wallet services include Google Wallet as well as US-based Square, Lemon Wallet and LevelUp is increasing annually. The most popular trends of digital market are new generation of retail stores, B2b-e-commerce changing, product visualization, changing of conversion, the increasing in the number of purchases from a smartphone, artificial intelligence in e-commerce, Amazon development as a marketplace, voice as a way of communication, searching by image, the browser ceasing, full personalization, video conferencing, storytelling. The e-commerce market of Ukraine is still developing, consequently an important step for the development of Internet commerce in Ukraine should be the establishment of a

new state body on e-commerce or the creation of a new department within the Ministry of Economic Development and Trade. This body should be involved in the development of e-commerce in Ukraine and in establishing cooperation with other countries in the international arena in order to simplify the procedure for customs clearance of online goods, calculations and accelerated delivery, which will increase the demand for online products of Ukraine and create an additional source of foreign exchange earnings.

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