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MASTER'S LEVEL QUALIFICATION PAPER

on the topic " E-COMMERCE AS THE MAIN DIRECTION OF INTERNATIONAL
BUSINESS OF THE FUTURE"

Specialty 292 " International Economic Relations "

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It is submitted for the Master's level degree requirements fulfillment.

Master's level degree qualification paper contains the results of own research. The use of the ideas, results and texts of other authors has a link to the corresponding source

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SUMMARY

of Master's level degree qualification paper on the theme
“E-COMMERCE AS THE MAIN DIRECTION OF INTERNATIONAL BUSINESS OF THE
FUTURE”

student Oleksandr Levchenko
(full name)

The main content of the master's level degree qualification paper is set out on 51 pages, including a list of used sources of 70 titles, which is placed on 7 pages. The work contains 25 pictures including formulas and graphs in the view of pictures.

KEYWORDS: E-COMMERCE, PRICING STRATEGIES, DATA ANALYSIS, BIG E-COMMERCE VENDORS, TRENDS AND FORECASTS

The main purpose of the scientific work is to study the theoretical and practical aspects of the e-commerce sphere on the modern market and to define the main concepts of the work of big e-commerce companies and develop practical suggestions and trends for the e-commerce businesses.

The object of the study is the combination of economic, scientific and IT factors into the process of creating an e-commerce business.

The subjects of the study are main theoretical aspects of e-commerce, main practical aspects of e-commerce, data analysis and main formulas used to conduct it, SEO and its connection to e-commerce, Amazon and eBay as the main vendors of e-commerce, data and statistics of Amazon and eBay, Ukraine as the country with developing e-commerce market, trends and new implementations to the e-commerce market.

The methods of research for the theoretical part the main method that was used was general scientific method. This method was used in order to provide the theoretical analysis and concretization of the theoretical aspects of the researched topic. By this method the main business models and pricing strategies were researched.

The main information base for this work was Internet. The topic of e-commerce is new and the scientific studies have not yet been conducted in a big amount in order to implement them to this work. The information provided in the work from the Internet was

checked and provided by specialists in the sphere of e-commerce. The information was deeply researched and already implemented in practice by many e-commerce companies that are working all over the world.

The main scientific results of the work are as follows:

- 1) Definition of the main concept of e-commerce business
- 2) Definition of the main models used for e-commerce businesses
- 3) Definition of the main formulas used for data analysis of an e-commerce business
- 4) Definition of the general tasks of the data analysis conducted by an e-commerce business
- 5) Connection of the SEO as the representor of an IT sphere to the e-commerce business
- 6) Definition of the main pricing strategies used for an e-commerce business

Practical meaning of the results of the scientific work: the information conducted in this work can be used by e-commerce companies in order to understand the base aspects they have to follow in order to conduct an e-commerce business. The theoretical part of the work provides the main aspects of the e-commerce that can be used on the beginning stage by any company that is ready to have an e-commerce business.

The practical part of the work provides with the detailed researched data about the biggest e-commerce companies in the world. This data may be used by other companies in order to understand what is better for them and how to compete and survive on the e-commerce market.

The trends provided in the third are personal implementations that can be conducted by different companies over the world and be implemented into practice. Several of them have already been implemented and are working. The information about the Ukrainian market can give the detailed information about the situation on the Ukrainian market nowadays and give information to the Ukrainian e-commerce companies what to do in order to become better in this sphere.

Year of Master's level qualification paper fulfillment is 2021

Year of Master's level paper defense is 2021.

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Academic and Research Institute of Business, Economics and Management

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Head of the Department

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«__» _____ 20__ .

TASKS FOR MASTER'S LEVEL DEGREE QUALIFICATION PAPER

(specialty 292 " International Economic Relations ")

student 2 course, group ME.m-01.a.an

(course number)

(group's code)

Levchenko Oleksandr Valerievich

(student's full name)

1. The theme of the paper is " E-COMMERCE AS THE MAIN DIRECTION OF INTERNATIONAL BUSINESS OF THE FUTURE"

approved by the order of the university from «__» _____ 20__ №__

2. The term of completed paper submission by the student is «__» _____ 20__

3. The purpose of the qualification paper is to study the theoretical and practical aspects of the e-commerce sphere on the modern market and to define the main concepts of the work of big e-commerce companies and develop practical suggestions and trends for the e-commerce businesses.

4. The object of the research is the study is the combination of economic, scientific and IT factors into the process of creating an e-commerce business.

5. The subject of research are main theoretical aspects of e-commerce, main practical aspects of e-commerce, data analysis and main formulas used to conduct it, SEO and its connection to e-commerce, Amazon and eBay as the main vendors of e-commerce, Ukraine as the country with developing e-commerce market, trends and new implementations to the e-commerce market.

6. The qualification paper is carried out on materials from the electronical sources.

7. Approximate master's level degree qualification paper plan, terms for submitting chapters to the research advisor and the content of tasks for the accomplished purpose is as follows:

Chapter 1 General definition of e-commerce; 19.11.2021

(title, the deadline for submission)

Chapter 1 deals with general definition of e-commerce and its positive and negative sides. It deals with the main business models used for e-commerce business, main formulas and practical aspects used for the data analysis of an e-commerce business, SEO and its connection to the e-commerce and main pricing strategies of e-commerce businesses.

(the content of concrete tasks to the section to be performed by the student)

Chapter 2 Main vendors of e-commerce. Data analysis. 03.12.2021

(title, the deadline for submission)

Chapter 2 deals with data and data analysis of two of the biggest e-commerce vendors Amazon and eBay. Chapter provides the practical analysis of the e-commerce businesses, information about the financial and electronic status, main aspects used by the companies to outperform competitors on the e-commerce market and main strategies of the development of e-commerce business used by Amazon and eBay.

(the content of concrete tasks to the chapter to be performed by the student)

Chapter 3 Trends and main features of the development of e-commerce business. 10.12.2021

(title, the deadline for submission)

Chapter 3 deals with the main trends and new features that can be developed on the modern market of e-commerce. Chapter gives the information about several practical aspects that can be used by e-commerce companies to improve their performance on the e-commerce market.

(the content of concrete tasks to the chapter to be performed by the student)

8. Supervision on work:

Chapter	Full name and position of the advisor	Date, signature	
		Task issued by	Task accepted by
1	Maryna Domashenko, Ph.D., Associate professor	19.11.2021	
2	Maryna Domashenko, Ph.D., Associate professor	03.12.2021	
3	Maryna Domashenko, Ph.D., Associate professor	10.12.2021	

9. Date of issue of the task: «___» 2021

Research Advisor: _____
(signature)

Maryna Dmytrivna Domashenko
(full name)

The tasks has been received:

(signature)

(full name)

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INTRODUCTION

E-commerce is a huge part of the economy and is vital to businesses that sell their products or services online. E-commerce gives businesses the ability to reach more customers than traditional retail. With so many people making their purchases online, it is the fastest-growing retail market.

The actuality of the topic: today more than 15 % of all shops have become e-commerce. Their number is growing each month and every year more than 3% of all shops change their type of business to e-commerce. With the COVID-19 this number has grown even bigger. There is no more Amazon and Alibaba and eBay as the only online market places in the world. Many new businesses have entered this sphere and their numbers are growing very fast.

Level of the studied problem: there is a lot of information about e-commerce in the Internet. As one of the most developing businesses today the level of the studies about the e-commerce is very high. Internet is overflowed with the information about e-commerce, its development and data about different companies and their strategies.

Main goal: define the main aspects of e-commerce. Understand business models and pricing strategies used in the modern online trading. Understand the importance of data analysis and define the main formulas used to conduct it. Find the connection between the IT sphere in the face of SEO and e-commerce businesses and understand why it is important to implement new spheres into already existing ones.

Tasks of the qualification work: define the main theoretical aspects of e-commerce. Understand the history of the creation of this type of business. Understand the general definition of e-commerce.

Provide a detailed data analysis of the main vendors of the modern e-commerce in the face of Amazon and eBay. Understand the main reason why these companies gained success on the world market of e-commerce. Try to connect the strategies and data used by the companies and the information from the theoretical part of the work. Understand

the main trends of the modern e-commerce. Make the connection of the trends to the information that is defined as general in terms of e-commerce.

Subject of the research: main theoretical aspects of e-commerce, main practical aspects of e-commerce, data analysis and main formulas used to conduct it, SEO and its connection to e-commerce, Amazon and eBay as the main vendors of e-commerce, data and statistics of Amazon and eBay, Ukraine as the country with developing e-commerce market, trends and new implementations to the e-commerce market.

Methods of the research: for the theoretical part the main method that was used was general scientific method. This method was used in order to provide the theoretical analysis and concretization of the theoretical aspects of the researched topic. By this method the main business models and pricing strategies were researched. Data analysis topic and formulas that are provided in the work were also researched by this method.

The practical part of the work was researched using both general scientific and specific scientific method especially statistic method. Data analysis of the main vendors of e-commerce was conducted with the help of analysis, analogy and statistic. The trends of the e-commerce market that are provided in the third part of the scientific work were also made using both of the scientific methods.

Scientific novelty: The main elements of the scientific novelty are connection of the analysis of the IT sphere in the face of SEO to the already existing business and economic sphere of e-commerce. Connection of the main trends for e-commerce that were made using several spheres to the e-commerce. Providing a data analysis of the new e-commerce market in the face of Ukrainian market of the e-commerce.

Information base: the main information base for this work was Internet. The topic of e-commerce is new and the scientific studies have not yet been conducted in a big amount in order to implement them to this work. The information provided in the work from the Internet was checked and provided by specialists in the sphere of e-commerce. The information was deeply researched and already implemented in practice by many e-commerce companies that are working all over the world.

Practical meaning of the results of the scientific work: the information conducted in this work can be used by e-commerce companies in order to understand the base aspects they have to follow in order to conduct an e-commerce business.

The practical part of the work provides with the detailed researched data about the biggest e-commerce companies in the world. This data may be used by other companies in order to understand what is better for them and how to compete and survive on the e-commerce market.

The trends provided in the third are personal implementations that can be conducted by different companies over the world and be implemented into practice. The information about the Ukrainian market can give the detailed information about the situation on the Ukrainian market nowadays and give information to the Ukrainian e-commerce companies what to do in order to become better in this sphere.

This work and all the results provided in it have not been used on any scientific forums, conferences or publicized anywhere.

1. GENERAL DEFINITION OF E-COMMERCE

1.1 Main aspects of e-commerce

E-commerce -is an electronical commerce, a special type of economy which includes trade and financial deals, that are made with the help of computer networks and also business processes that are done with the help of such networks.

It is known that through the last years more and more deals are made remotely with the help of electronical devices. This is because it is much easier to make electronical payments and also much more comfortable than with real cash. More and more people prefer to pay for their purchases online.

Modern economy is unthinkable without e-commerce. If we look at the forecast of economic specialists and analytics, by the 2021 45% of all spending of people will be in electronical payments and more than 60% will be dependent from these devices.

Electronical business has become a natural consequence of development of informational and computer systems as well as telecommunication technologies.

It is known that nowadays e-commerce has 4 stages of implementation: marketing, production, sales and payments. Move to the e-commerce partly or fully is a guarantee of increase in the maximum number of customers [1].

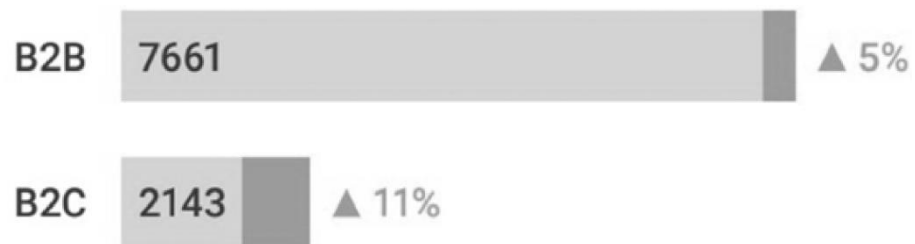
The development of e-commerce is something that can be described in a scientific and economical way. Many new things have been invented for the last 20 years and with these inventions e-commerce began to grow largely. A lot of new terms, rules and laws, as well as different categories, strategies and many other things have been made in order to fulfil the needs of customers and businesses that are included in e-commerce [2]

E-commerce is divided into several known categories. The most important of them are described below. There are also other types but they are not so frequently used and most of the e-commerce's don't use them pretty often.

1) B2B (Business-to-Business). The scheme "Business-to-Business". It can be described as the sale of wholesale goods from producer to dealer. Dealer gives the goods

in a small wholesale amounts to internet shops, from which these goods are delivered to customers [3].

2) B2C (Business-to-Customer) (Pic 1.1). This includes payments between online shops and customers, purchases of trainings from registered experts, rent of computer programs – any retail deal between financial and juridical users [3].



Pic 1.1 - Number of sales by e-commerce models with the percentage of growth, bill. \$.

3) C2C – e-commerce from consumer to consumer. C2C – e-commerce in the internet, when one consumer sells goods to the other consumer without other companies or people and not producing those goods. The examples of such deals are for example OLX in Ukraine or Avito in Russia. The users there can put on trade almost any goods, find buyers and sell goods at the exact time [4].

4) C2B — e-commerce from consumer to business. In simple words, it is the opposite to B2C because in this case consumer gives something to business. The example here is that a person makes some goods from leather (portmones or something like that) but he sells it not to buyers, but to the online shop. The shop pays money for each good and then sells the same goods to the shop’s customers [4].

5) B2A — business administration. B2A – is the e-commerce that includes online transactions, that are done by companies and governmental structures. B2A is used in fiscal and legal securing, when working with different juridical documents and so on. Here as an example we can add different governmental purchases through internet [4] (Pic 1.2).



Pic 1.2 - Governmental purchases through Internet

6) C2A — e-commerce between consumers and administration. This is becoming a very popular type of e-commerce nowadays which includes transactions between consumers and governmental institutes. For example, it can be an appointment with a doctor and payment for medical service, forming of tax returns and similar payments, online studying and similar staff [4] (Pic 1.3).



Pic 1.3 - Example of C2A e-commerce

Of course, e-commerce is a new business for our world and it is still in the process of development. Alongside with other types of business it has pros and cons of using it. So, what are the positive sides of using an e-commerce:

1) Physical availability

In difference from a supermarket that is right behind the corner where the queue in front of the cash desk is normal, online trading doesn't know queues and distance. You can just use the website from any point in the world and make your purchase.

2) Reduction of expenses

Nowadays it is pretty expensive to open your own shop. In the internet shop you may have an unlimited amount of goods – not like in the physical shop, where you have

to pay huge money for the place. Problems with the storage and logistic the internet shop may solve by find a special model for a shop (drop shipping). And also, in e-commerce a company may save money on the number of workers.

3) Control and analytics.

How good the owner of traditional shop knows his customers may only be discovered by conducting a survey which can't give a 100% result. In online trading the company always knows what its customers are interested in and what resources are used to find the shop. It may also know the customers preferences and the things people dislike.

Data analytics gives a huge advantage in such type of business. Contact information that the shop got after the first purchase was made, integration of cookies and other techniques help to be in touch with the customers, make an influence on them and bring them back to the shop again and again. And the best thing here is optimization.

4) Risk minimization

Online purchases alongside with the development of electronical payments are becoming not only more comfortable, but also safer. People can remove the risks that are connected to getting, storage and including financial aspects.

The ability to operate using small amounts of goods and sell goods that the seller has never touched by himself (drop shipping), minimizes the risk of having a good that won't have good selling statistics and purchasing unqualify consignments of goods.

But there are also many factors that are negative. The main cons of e-commerce include the sectoral restrictions, high-priced solutions for the optimization of e-commerce, security questions, confidential questions, undeveloped legislation, instability and many other aspects.

1) Sectoral restriction

One of the main disadvantages of e-commerce is the lack of development in some sectors of business due to sectoral restrictions. For example, there are several restrictions in food sector. One and the biggest reason why food products are not so popular in the net is because food is in the fast perishable products. This gives a huge stop sign for products in the Internet. Nevertheless, the market of such products is developing and is

becoming quite popular today. And soon people will be able to purchase similar goods in the same way as they do today in traditional shops [7].

2) High priced solutions for optimization of e-commerce

For a good website of online trading it is needed to have enough resources that the company has to pay for creating of such a website. It is also required to have a lot of money and skills in order to develop a website in a technological way, promotion of website, staff training and optimization of logistics. There will also be a fee charged by different delivery companies for sending and receiving goods by C.O.D [7].

3) Security questions

The problems that are connected to the security in the Internet are not solved in a full amount nowadays. A lot of people are still afraid of making purchases and paying with their cards through internet. Unfortunately, there is still a lot of news connected to stealing of money or personal information by using information from websites about credit cards. Different payment systems are also not always comfortable for potential customer, because they mean to create an account in a payment system and sending money there [7].

4) Confidential information questions

For making an online purchase website may ask e-mail addresses and other contact information. Some clients leave a website after seeing the information about giving personal information.

Confidentiality and security are the biggest problems of e-commerce nowadays. It can be totally assured that not a single company in the world is ready to secure the personal information of its clients. So, the clients have to rely on the company and be more careful while using online resources [7].

5) Undeveloped legislation

Internet market is so uncivilized that many businessmen are building their businesses on fraud and scam. That's why internet business may cause a lot of problems in offline society. The income from the e-commerce is not always easy to make legal and a business that cannot be touched is not always a good business in the eyes of customers and potential partners. Economy of e-commerce in the real time scale has to be followed by

changes in the sphere of legal regulation of internal and external trade. It has to be regulated not only in the international law, but also on the level of national legal systems [6].

To sum up, e-commerce is a sphere that has been developing for many ages. A lot of business models have been created that help a lot of people and business to develop on the world market. Since the creation of the first dotcom the sector of e-commerce has advanced in many ways. It is more secured, more popular and even without having appropriate legislation in many countries it is still developing there. Nowadays due to Covid-19 we can see a huge increase in such types of businesses and people are willing to follow that increase. E-commerce may soon become the major business all over the world if it has not done so yet. There are many things that are good and bad about e-commerce and there are many opportunities in such type of business. There are even more things that can be implemented to e-commerce. It can be connected with many spheres not only of economy but also of IT and other scientific spheres. The connection to different spheres will be described in the further chapters of the work and the connection between these sectors will be very tight.

1.2 Data analysis and its importance in e-commerce

The part of Data analysis in e-commerce is made of different types of data like addresses, zip codes and probably even things in your shopping cart. There may also be such things as e-mails, YouTube videos different content from social media which can be useful for an e-commerce shop [8].

Enormous places, like Google, Amazon and Netflix lead many tests consistently to continually improve their presentation. Since they realize that little, peripheral increases can gather into large successes. To this end designated ordinary testing is basic to the drawn-out achievement of a store [9].

The significance of information can be seen across all spaces of your business, permit in you to:

- 1) Make more educated choices. Data guarantees you just cause changes to your business that will to have a positive effect [10].

2) Maximise your ROI–To take advantage of your promoting spend, you really want solid information on the profit from speculation (ROI) of each mission [10].

3) Improve User Experience (UX)– Data-driven web-based business continually advances the client's on location experience. When you comprehend the reason why clients are leaving your store without putting in a request, you can make changes to decrease or eliminate these impediments and see your neglected truck rate drop [10].

4) Improve cycles by testing each new procedure and breaking down performance information, you can continually improve your business processes and try not to burn through important time or assets on insufficient methodologies [10].

There are many formulas that can help companies to understand how the data analysis has to be done in their companies and what is better to focus on and what information is more important for different types of business.

To start with we have to identify that there are several important things that analytics in e-commerce companies have to focus on. These are such aspects as discovery, acquisition, conversion, retention and advocacy. These five things may be very useful while discovering the data of the company and they may greatly affect the future of the company. To start with let's have a look at discovery.

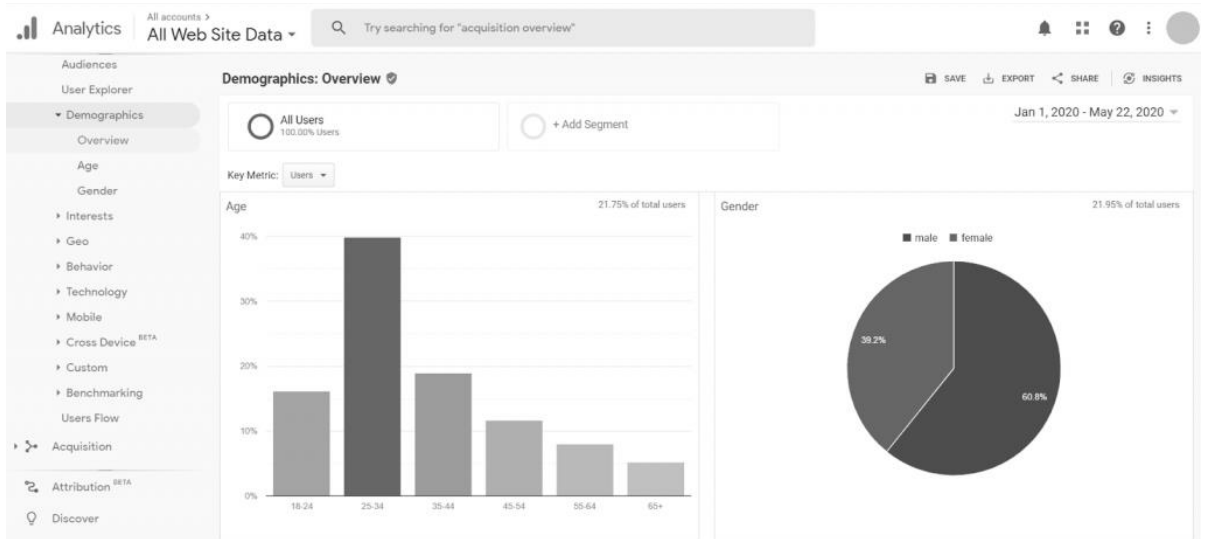
Companies have to get information about their customers and create information that will bring people to online store. In Google Analytics (Pic 1.4), company can find information about visitors, their age and preferences, where they are located, how they behave themselves.

Besides these basic metrics, you should also pay attention to the email and social media engagement metrics:

- 1) Coverage
- 2) Impressions
- 3) Engagement [11].

In terms of natural search, analysing metrics such as search volume and keyword ranking can give your insight into where to focus your advertising expenditures and make it easier for consumers to find you [11].

In acquisition we have several aspects that we have to follow. Acquisition is focused on measuring the numbers of people who have visited the website of the company and did some click or looked through the goods.



Pic 1.4. - Example of data in google analytics.

CTR (Click through rate) (Pic 1.5) – ratio of the number of clicks on the advertisement banners to the amount of their shows. This metrics helps to understand the effectivity of different platforms for having an ad there, the effectiveness of advertisement campaign in general and also different ads [12].

$$CTR = \frac{\text{Total measured clicks}}{\text{Total number of impressions}} \times 100$$

Pic 1.5 - Formula of CTR (Click through rate)

CPL (Cost per lead) (Pic 1.6) – this is a marketing index that indicates the cost of lead. Under the word lead it is supposed to understand the target action of a user, which led the company to get the contact information of a person who is interested in a product. This can be the phone number, e-mail address, contacts in social networks.

Metric CPL shows the average amount of money that the business has spent in order to get one lead (one potential customer) [13].

$$\text{CPL} = \frac{\text{Total campaign investment}}{\text{Number of leads generated}}$$

Pic 1.6 - Formula of CPL (Cost per Lead)

CPA (Cost per acquisition) (Pic 1.7) – it is a metric with the help of which the company can measure the conversion of internet resource (internet shop, commercial or non-commercial website) by target actions. With the help of CPA companies may define the cost of webpage and the success of marketing campaign [14].

$$\text{CPA} = \frac{\text{Total campaign investment}}{\text{Number of purchases or clients}}$$

Pic 1.7 - Formula of CPA (Cost per acquisition)

The next important part in data analysis is conversion. The analysis of this aspect helps the companies to define how many people are staying in the store as customers and how many of them have changed their mind and left the store.

The Sales Conversion Rate metric measures the effectiveness of company's sales team at converting leads into new customers. It's an important metric for aligning your sales and marketing team as both teams will use this metric to determine the quality of leads. (Pic 1.8.) [15].

$$\text{Sales conversion rate} = \frac{\text{Number of conversions}}{\text{Total number of visitors}}$$

Pic 1.8 - Formula of Sales Conversion Rate

AOV (average order value) (Pic 1.9) – is one of the most important factors that shows the effectiveness of retail trade and is commonly used in e-commerce. It shows the income from each unique user of the web-site [16].

$$\text{AOV} = \frac{\text{Revenue}}{\text{Number of orders}}$$

Pic 1.9 - Formula of AOV (Average order value)

And the last thing but not least important thing here is Cart abandonment rate. This formula helps to understand the number of shoppers who were ready to buy a product but have changed their mind and left the shop. (Pic 10)

$$\text{Cart abandonment rate} = 1 - \left(\frac{\text{Number of orders completed}}{\text{Number of orders initiated}} \right) \times 100$$

Pic 1.10 - Formula of Cart Abandonment rate

There are many programs created nowadays that help companies to identify their potential customers, get the information about their web-site and the information about the sales amount during the whole period of companies' existence. One of such programs is Enhanced Google Analytics which may help to better understand the information about user behaviour data, get shopping behaviour report and get information about product and marketing data [11].

In general data analytics is one of the most important sectors in e-commerce. It may help to bring company on the next level simply by analysing data from website and from

the net. Big companies nowadays focus on data analysis because it helps them to find new customers by doing small things that can barely affect the market. Data may help in many ways like optimizing the experience of companies' users, gathering data and even inventory management.

1.3 SEO and its importance in e-commerce

The search optimization (SEO) – is the list of things, doing which may help to attract organic traffic from search systems such as Google, Bing, Yahoo, Yandex.

For example, when you are searching for something in Google you will go to the webpage with the results of the search engine (SERP) (Pic 1.11):

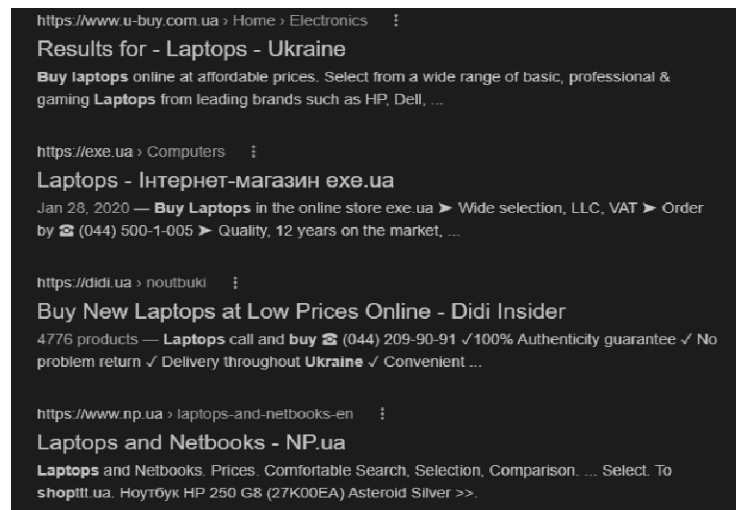
All results that are located under the context advertisements is organic issue. The closer your webpages are located to the beginning of SERP by the target inquiries the more organic traffic the company gets.

Several years ago, the research has showed that only 4,8% of users go to the second page of the search engine results. And to the third page only 1,1%. In 2020 the number of users who have reached the second page of Google was only 1% [17].

The first thing we have to focus on here is why the SEO and its statistics is very important to the e-commerce businesses. The information that SEO gives to the company may be very useful and may help to develop the future building of the website and an e-commerce. Here are some examples of such statistics.

1. Up to 93% of online experiences start with search engines (Search Engine Journal)
2. 81% of online shoppers conduct research online before buying (mm)
3. According to a recent study, 65% of total e-commerce sessions come from search traffic (Statista)
4. 70% to 80% of search engine users ignore paid advertising (SMA Marketing).

What does this tell us?



Pic 1.11 - Example of product placement in search engine Google

Almost incredible money was spent online. It is mainly found through search engines. Then the organic search results received most of the clicks. Optimizing your e-commerce website to show up organically in search results, becoming one of the results that drive all these sales, is E-commerce search engine optimization. [18]

There are several things that may help the company to optimize their website in a better way to improve its quality and increase the number of users who want to visit the website and get a nice experience there.

The first and the important one is optimizing the content of the webpage. The promotion of goods pages of internet shop includes several stages.

The first stage is the development of the information on the website and proper structuring of this information. The meaningful description of each good has to be no more than 1000 words. It is required to show the information about the goods, its functions and colours, show the reviews of the clients and answers to frequently asked questions [19].

The second stage consists of adding the unique information to each stage.

Assuming that your site has great many items, adding new substance cause you to invest energy, yet sadly, it is absolutely impossible to sidestep it. Zero in on most important pages first. [20].

One of the important things also is that the e-business has to take sure that website is user friendly [21].

There are many more other aspects that have to be described and have to be included in each e-commerce business but unfortunately is almost impossible to conclude them all. SEO is connected more to IT technologies and has almost nothing in common with economics, but it is still a very important part of each online company. SEO helps an e-commerce business to improve its positions in the internet among competitors, make people feel more comfortable while using the website and shopping. SEO is more focused on marketing which is an important part of e-commerce. All those keywords, placement of products on the webpage and other staff that has to be involved in SEO makes in general the beginning of each online business.

1.4 Pricing principles of e-commerce

Pricing strategies play a significant role in attraction of clients for any business. However, the setup of the structure of prices is one of the most difficult tasks that has the owner of each to conduct. It is easy to give certain pricing strategies such as cost-plus strategy, cost of your working hour and so on. But, sometimes the company may feel that the establishment of the correct price is similar to creating a masterpiece.

Pricing strategy - is a marketing strategy, the implementation of which is connected with the influence on the price of the product or the system of price creations [22].

When it comes to setting up prices on the good, some people think that the most important thing is to pay attention on the competitors. This is not always true. The prices of competitors may give a lot of information, but there are many other factors that have to be included.

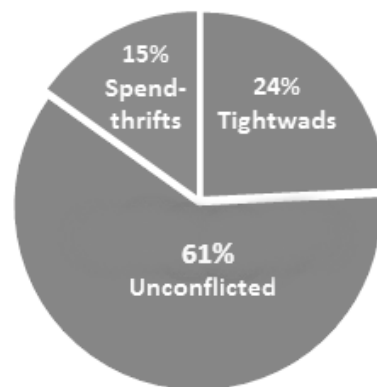
After some researches the scientist gave three groups of customers depending on the level of cognitive activity of the brain and the level of experience of psychological pain threshold while making purchases:

- 1) Spendthrifts – people who had no pain symptoms while losing money
- 2) Tightwads – the opposite to the first type
- 3) Unconflicted – people who had the casual reaction, something in the middle between spenders and misers.

Researches for Pennsylvanian University after surveying more than 13 thousand people have created a scale “Spendthrifts - tightwads” (Pic 1.12), that shows the percentage of people connected to each category [23].

After analysing it we can say that each fourth customer has a psychological discomfort and pain while losing money, even if he really needs that good. The knowledge of this moment says that the company has to focus and optimize its offers for such type of people.

Taking in consideration all said above we can make a conclusion that in general the pricing strategy has to create conditions for a customer in which he or she will be able to spend money with the minimum amount of discomfort [23].



Pic 1.12 - Pie chart with the percentage of the amount of people who refer to different categories

On practice that means that the understanding of the factor that for more tolerant customers it will be enough to focus their attention of pleasure form buying the good, when at the same time for more conservative people it is important to put the practical side of the offer at the top [23].

There are six major strategies that are defined to be the most used nowadays by different e-commerce companies. Using these strategies may help the company to both focus on tolerant and conservative customers. Before applying it to one or another company it is really important to understand what business wants to get from that strategies and how and when to better apply them.

1) The first one is Cost-based pricing. This method requires the company to write down its unit product costs for each of its products in its portfolio, and then set a target profit margin for each of those products (Pic 1.13) [24].

$$(\text{Material cost} + \text{Labor cost} + \text{Overhead costs}) \times (1 + \text{Markup}) = \text{Price}$$

Pic 1.13 - Formula of calculating price due to Cost-based pricing

2) Competitor Based Pricing

This is another direct e-commerce pricing strategy. Here, you need to spend time researching the pricing habits of your competitors. You should look at all similar products at high and low prices so that your research covers the entire range. Then take the average price based on your research. Subtract your costs from the average price of the research and you will get a potential profit margin based on that average selling price [25].

3) Price skimming

This strategy is focused on the lowering of the price of the product with time. Lowering of the price is an ideal thing for technological companies, because their products become more valuable when the new products and technologies are introduced.

PlayStation is a perfect example of a brand that uses price skimming strategy. When a new console is released, old versions and games for it become cheaper (Pic 1.14) [27].

Price skimming is good for popular products. When a lot of customers would like to buy a new product, thrifty customers will wait for the lowering of the price to get benefit from it.

Unfortunately, this strategy is effective for companies with big audiences. If you have a small business, this is not the best variant of pricing strategy [27].

4) Premium pricing

- When companies want to charge higher prices for their products than competitors, they use premium pricing strategies. The aim is to create a feeling that the product must have a higher value than the competitive product because the price is higher.



Pic 1.14 - Example of price skimming

The company is betting that consumers will not investigate whether the product is really a higher quality product. The advantage of the premium pricing strategy is to generate bigger profit margins, create stricter barriers to enter for competitors, and increase the brand value of all the company's products [28].

1) Use the magic number 9

No one will argue that the price 49\$ doesn't differ much from a price in 50\$ and customers understand that on the same level as sellers. But the results of researches say the strategy of unrounded numbers has more sales. William Pound stone in the period from 1987 to 2004 published 8 researches that showed that the prices ending at the number 9 (like 1,79\$, 49\$, 79\$ and other) have shown a more conversion (in average on 24%) [29].

As we may conclude there are many pricing strategies and they are different for each company. Before implementing them, it is important to focus on data analysis and analysis of customers and competitors. Pricing strategies may help the company to reach its target > increasing profit and increasing number of customers, but at the same time it may play a bad joke with it. There are a lot of examples when companies went bankrupt after lowering the prices or increasing the prices or simply staying at the same level. Before doing such things, it is important for each company to define the main goal why that or another strategy has to be implemented in their business.

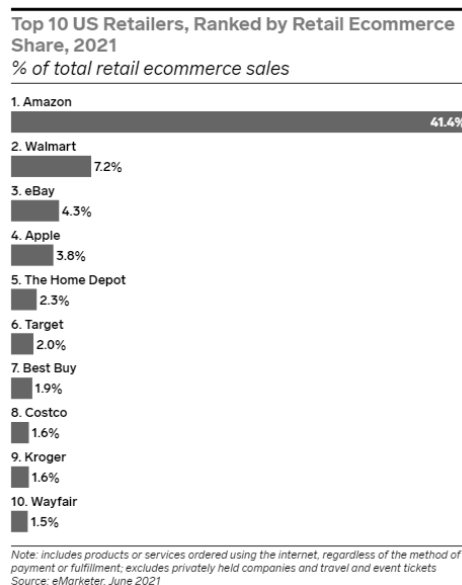
2. MAIN VENDORS OF MODERN E-COMMERCE. DATA ANALYSIS

2.1 Data analysis of Amazon.com

E-commerce is quickly becoming consumers preferred shopping market. In 2016, global e-commerce was estimated to be \$1.9 trillion and is expected to grow to \$4 trillion by 2020 [30]. In the United States, the e-commerce industry is expected to grow at an annualized rate of 9.3% over the next five years, reaching revenues of \$704.1 billion by 2022 [31].

There are a copious number of competitors in the e-commerce business, however 20 companies account for about half on the revenue within the industry [32]. The largest competitor in this industry is Amazon with 41.4% of the market share [33].

Other major competitors include Apple Inc., E-bay, Target and Wal-Mart; however, they hold less than 25% of the market share combined (Pic 2.1). As the revenues continue to increase, the amount of enterprises in the e-commerce industry is expected to increase as well [34].



Pic 2.1 - Top-10 e-commerce retailers in the US in 2021

Today Amazon is the symbol of e-commerce. This is the most recognized internet shops in the world, which provides the effective system of personalization.

The research made by Internet Retailer has shown that in 2020 there were 55% of all electrical sales made through Amazon [35].

As the experts say the sales of Amazon will increase at 168,53 billion USD and will reach 386 billion USD till the end of 2021.

In the previous year the increase in sales was 44,1%. Throughout this Amazon as before is growing faster than e-commerce market in general. The company gets more than 2\$ from each 5\$ that are spend in the internet in the USA this year.

Traditionally the company is a leader in several segments: books/music/video, which are 83,2% of all e-commerce sales in USA and computers and household appliances -50,2% of the market.

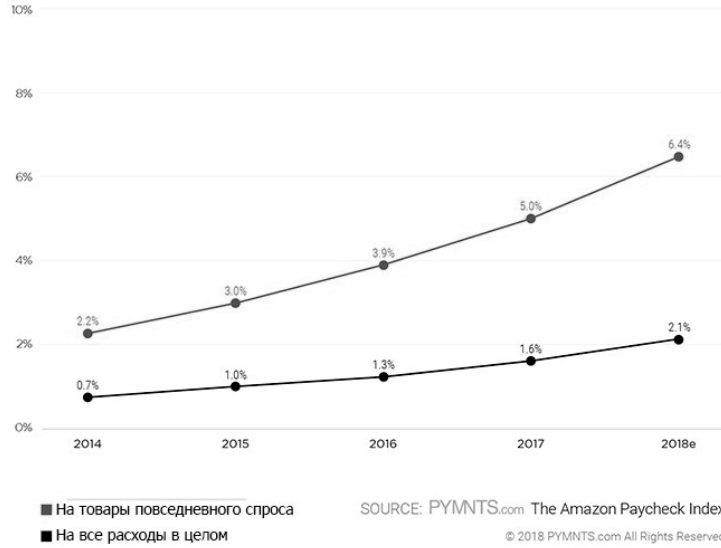
This year Amazon will get more that 45% of the share in three new categories: “other” (48,2%), toys and hobby (46%) and appliances (45,6%) [36].

Analytical group PYMNTS did a report and came to the decision that for the purchases in Amazon consumers spend in average up to 2.1% of their year salary. The family that earns at around 63 thousand USD in a year gives Amazon around 1320 dollars.

In general, it is mostly connected with the amount of goods for everyday usage that became more popular about the consumers on the American market. Spending of food, clothes, electronic devices and health goods are at around 31% from all of the spending list. Analytics say that today for purchases in Amazon an average American family spends 1243\$ (or 6,4%) out of 19556 thousand USD.

For the last four years this amount has increased three times – from 2,2% in 2014 up to 6,4% in 2018 and the yearly amount of increasing was 30,7 % (Pic 2.2).

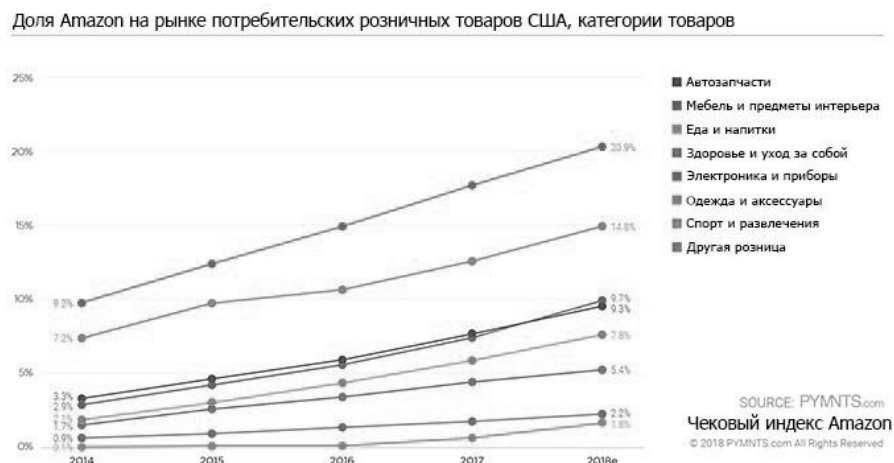
It is important to understand that Amazon has been developing for all these years. It has grown into the largest e-commerce company in the world and it has increased the number of sectors where the company is selling its goods. It has not only moved its competitors from the online market but has also slightly increased the amount of sales on the offline market.



Pic 2.2 - The amount of spending in Amazon from 2014 to 2018

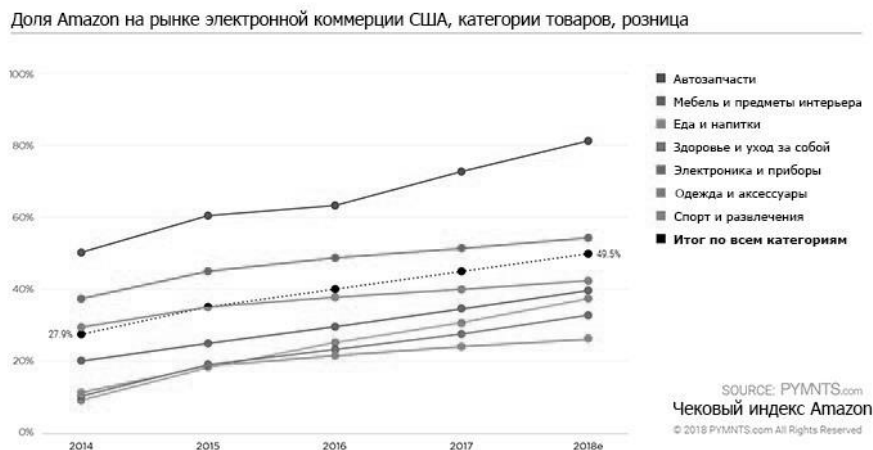
The two percent (2,1%) share of spending for goods in Amazon is the real number. For the last four years the company has gained leadership in many key categories of wholesales that offline shops were in charge of.

Today company has a 20% share in electronics, 9,7% in household goods, 9,3% in auto parts, 7,8% in clothing and 5,4% in Sport and Entertainment goods (books, music, hobbies) (Pic 2.3)



Pic 2.3 - The share of Amazon goods on the offline market.

On the market of e-commerce, the numbers are much higher: 54,2% for electronics, 39,4% for household goods, 81% in auto parts, 38,1% in clothing and 14,8% in sport and entertainment goods (Pic 2.4). By the end of 2021 the amount of Amazon sales in each sphere will be more than 60% [37].



Pic 2.4 - The share of Amazon on the e-commerce market.

If we analyse the penetration rate of Amazon in the cheques of American families we have to say that around 45% of all purchases (around 28 thousand USD) are connected to segments which are still not developed in the company [37].

After analysing the main sectors on which Amazon focuses on in the B2C business model we have to understand that the company is also has a great focus on B2B model. It is important for such a big company as Amazon to have good connections with other businesses because nowadays they are the main suppliers and at the same time the main consumers of the company.

We have to take into consideration the first report about the B2B tendencies on e-commerce made by Amazon with the additional comments that were made by it buying specialists. Amazon business made a survey of 250 buyers B2B and 250 sellers B2B who are in charge of different roles in the sphere of purchases in government, education, healthcare and commercial sector of USA.

This report by Amazon Business for the 2021 shows that it is not enough of simple purchases. According to the information 85% of business buyers said that because of the

pandemic they have to remove almost everything to the online purchasing and 96% of people said that they are planning to develop purchases in Internet even after the pandemic. 91% of customers said that they prefer online purchases rather than offline methods.

The pandemic COVID-19 has increased the efforts of companies to come into e-commerce. In 2020 38% of customers made more than 50% of purchases for their organizations online.

Smaller commercial organizations were motivated to increase their efforts in e-commerce in the previous year. 56% of small and medium businesses said that they made their purchasing process online totally due to COVID-19 and only 42% of big companies did the same. This shows that smaller organizations have to better and faster fit to the modern realities when the pandemic changed the traditional format of operations.

At the end this increase in making decisions and adaptation to purchases in Internet created a new additional opportunity for buyers and sellers while inventing new technologies.

While ranking the most valuable functions of buying process customers said that online functions such as product comparison and video of these products are more valuable than traditional like phone calls or looking through goods in the shop. On the other side the sellers ranked online functions lower than customers. Here is the list of functions that the best by the opinion of the customers of Amazon.

1) Customers ranked online comparison of products in 83% of cases when sellers only in 67% of cases.

2) The video demonstration of product was ranked by 74% of customers and only by 66% of sellers.

3) Sellers highly ranked the showcase of online good in offline shop in 68% of cases when customers only in 57% of cases.

4) The phone calls made to the customers was ranked by sellers in 69% of cases in comparison to 63% ranked by the customers.

In 2021 the main priority of development of B2B was:

1) Ensuring the positive customers experience

- 2) Increase of the client base
- 3) Selling of goods all around the world

Business-buyers are waiting for such fast, comfortable and personalized ways of buying online. The report of Amazon Business in 2021 has shown that the wish of consumer to prioritize social and ecological questions is as important to the buyers as well as to the sellers.

The main priorities for different spheres in 2021 are:

- 1) For education – making the expenses lower
- 2) The governmental support in remote work
- 3) For healthcare – increase of the efficiency
- 4) Making the business more stable [38]

After analysing what type of business is commonly used by Amazon we have to make a data analysis of the main aspects that influence each e-commerce business. The most important things that we have to mention here include discovery, acquisition, conversion and retention.

We have to focus on such formulas as CPC, CPA, Sales conversion rate, Average order value, cart abandonment rate and shopping behaviour view.

The average click through rate on Amazon advertising is 0,41%. Being higher than that means that the business will be much better than Amazon in terms of advertising.

CPC or Cost per Click is the sum the organization pays when a client clicks a promotion.

Amazon PPC is a sale, so the value you pay is only a penny more than whatever the following most noteworthy bidder will pay for that catchphrase.

For instance, on the off chance that you bid \$3 and the following most noteworthy bid was \$1.00, then, at that point, your CPC would be simply \$1.01 despite the fact that the most elevated bid was \$3 [39].

While the most noteworthy bidder has the most obvious opportunity with regards to winning, a lower CPC implies a Premium higher ROI. The normal CPC on Amazon Ads preceding 2020 was \$0.71, however 2021 saw the expansion of rising CPCs [39].

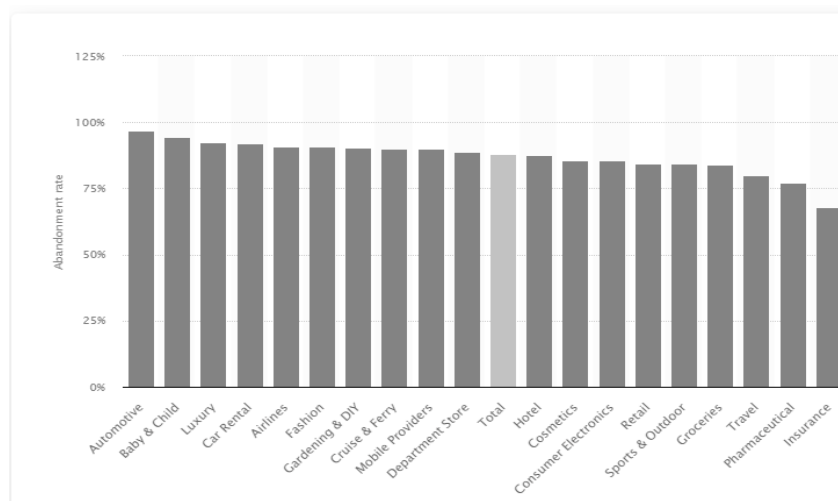
The current normal CPC on Amazon is \$0.89 (Pic 2.5) [39].



Pic 2.5 - Average CPC of Amazon

For Amazon the average conversion rate is 9.87%. The average eCommerce conversion rate for websites other than Amazon is about 1.33% [40].

Amazon’s US digital ad revenues will reach \$24.47 billion in 2021, rising 55.5% over the prior year and representing 11.6% of the digital advertising market. It is expected it to account for 14.6% of the market in 2023 as it narrows the gap with Google and Facebook [41].



Pic 2.6 - Abandonment rate of goods on Amazon

In spite of the huge cart relinquishment paces of chosen online buy classifications, worldwide internet shopping transformation rates have been enhancing

the entirety. In the primary portion of 2018, all out internet business change expanded by five percent year-over-year, with versatile transformations developing by 11.6 percent (Pic 2.6) [42].

2.2. E-commerce analysis of eBay

eBay is a platform for online auction. Its goal is the sale of goods between people. Because of the increase of the platform a lot of new manufactures appeared, many new online shops and eBay became a good marketplace for their goods. eBay is a market where big and small business alongside with people can offer their goods to everyone. And after the purchase of PayPal eBay made a revolution in the sphere of electronic payments which made e-commerce platforms even more popular.

eBay is a place where buyers find sellers and sellers send goods to their customers on their own and the marketplace has no deals. But there was introduced a fulfilment service but only for big clients.

While growing the company tried to increase its profit by making new services like Skype, or online payment service PayPal.

Unfortunately, these projects could not be those support for the company which they were looking for. Moreover, they lowered the status of eBay, divided the focus and lowered its rentability. As a result, eBay sold Skype, PayPal became a different business, Half.com project was closed and many other companies suffered from this. After losing these companies eBay lowered its spending but they didn't bring anything new. Platform has lowered its presence in the net and they have now nothing to offer on the e-commerce market [43].

Before coming to the detailed analysis of eBay we have to understand what are the pros and cons of the company. eBay was one of the biggest e-commerce platforms back in the days and the company definitely knows how to involve clients and make profit. But they also had made several mistakes that have led the company to decrease.

Pros of eBay:

1) Many potential clients. eBay is the seventh visited website in the USA and many of the visitors may become clients of the business if a proper selling tactic and competitive goods are offered.

2) Auction system. For selling of rare or unique good system of auction may be the best solution and the selling price may be higher than was expected. If the good is mass produced it is better to sell it by the fixed price.

3) High trust. As well as Amazon the system of purchases through eBay is very secured and it protect the both sides of the deal

4) Easy registration and offering of goods. eBay is an auction which is oriented that each person can sell what he wants and it is easy to do that.

Cons of eBay:

1) No alternative to PayPal. Most of the operations of buy-sell of goods is made through PayPal. Thus, it increases the security rate but may also cause different problems such as retention of funds, block of the account or inability to get money in some countries.

2) Falsification. During the sale of goods there are many of them which are fake. There may be a lot of competitors who sell these goods but for a much lower price. This fact has a great influence on the rating of auction so it is important to sell quality products [44].

eBay was created in 1995 and was a platform where users could sell goods thorough auction. After that time the business has grown in an organic way and by buying a lot of things. eBay bought its competitors on the foreign markets and also found new segments for it like sell of sport and cultural tickets, online portal Classifieds which monetize throughout advertisement. One of the biggest purchases made by eBay was a purchase of PayPal in 2002 for 1,5 billion USD.

Before the companies divided eBay without PayPal costed around 34 billion USD and PayPal was 42 billion. After that the capitalization of eBay has almost not changed, but the price of PayPal has grown in 3 times. Investment into PayPal were more profitable after making it a different company.

We also have to understand the main focus and main business models of eBay. There were several of them and almost all were profitable and even used until today. They include: Marketplace, StubHub, Classifieds.

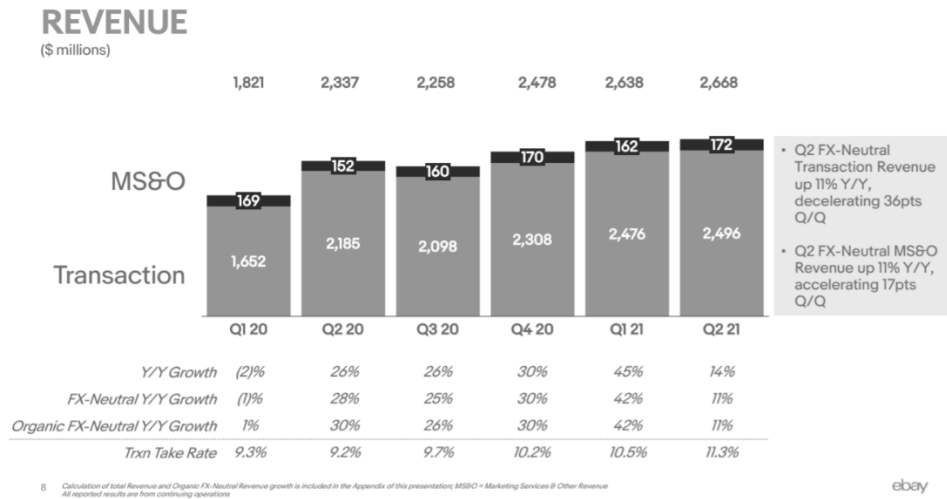
Marketplace – is a main business. This is a platform for selling different goods. However, through eBay the goods can be sold in auction nowadays the biggest amount of goods is sold by a fixed price. More than 60% of Marketplace sales are on the foreign market. The main profit eBay get from the fee of sold goods and also advertisement which sellers of goods give in order to compete with other users of the platform.

StubHub – is a platform for selling tickets for different concerts, sport events. This is the biggest marketplace of such type in the USA and it is poorly presented on the foreign markets – only 10% of sales goes from other countries.

Classifieds – are websites with advertisements which monetize with the help of ads. Websites can be universal like OLX in Ukraine or with a focus on something special like AutoRia. eBay has more than ten of such websites on different topics and in different countries [45].

Financial side of eBay is currently in the middle position. The company is floating between positive and negative sides even though the increase in the profit among other e-commerce platforms due to COVID 19 is already on its peak. The earnings have grown by 145 up to 2,66 billion USD. The operational profit has lowered by 4,2% up to 732 million. Adjusted EPS remained unchanged at \$ 0.99, better than analysts' forecasts of \$ 0.96. The number of active clients fell by 2%, to 159 million, which is well below expectations - 180 million. Total sales (GMV) fell 7% to \$ 22.1 billion.

Forecasts are also not very positive. By the end of 2021 eBay is hoping that the earnings will be around 2,42-2,47 billions of USD and the adjusted profit from 0,86 to 0,9 for the stock. FactSet analytics said the earnings will be 2,5 billion and EPS 0,88 USD (Pic 2.7) [46].

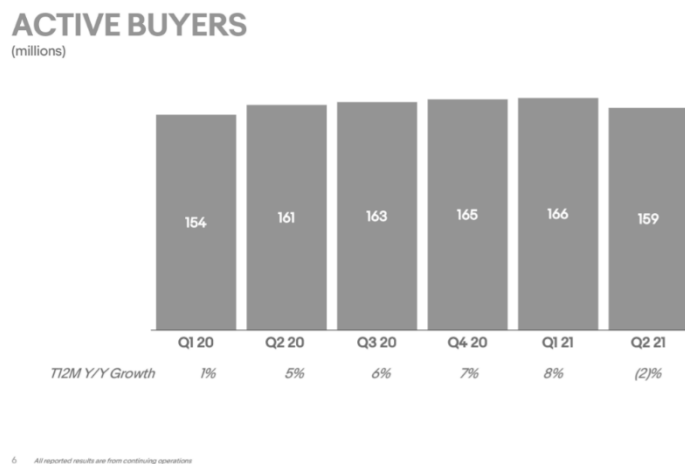


Pic 2.7 - The revenue of eBay in 2021

The results were quite strong if the sale of Korean business is considered. But the company didn't manage to reach its own goals which were set in the previous period, the company waited for the profit of 2,98-3 billion USD.

During the quarter there were stocks bought on the sum of 1,5 billion USD and alongside with this the company increased the program of buying stocks back this year from 2 to 5 billion USD.

The lower of GMV can be explained because of the comparison to the previous year when pandemic occurred. Company has also deleted low-priced and low margined products. (Pic 2.8)



Pic 2.8 - Active buyers on eBay from 2020-2021

The management of the company said that the business is working well and growing. It was mentioned that 71 % of transactions were conducted through their own payment system and at the end of the year 90% will of transactions will be done in this way [46].

Coefficient P/E in the company is 1160 but it is because of the pure loss that company had a year ago. However, the coefficient P/Sales is 3.92 for the company and 1.94 for the sector and the ratio of market capitalization to the balance cost of the assets P/Book is 3,59 and 5,21. Despite such a big difference because of which eBay looks to overbought it is necessary to mention some other facts. Firstly, coefficient P/sales shows the ratio of market capitalization to profit but in this case in online shops the profit is the turnover from sales but not fees and other incomes so that's why the coefficient looks strange and it is not needed to take is as a ration of over sales or overbuys. Secondly, it is not necessary to mention e-commerce companies' assets because people and technologies are more valuable in this business. eBay has good ratings in both positions. (Pic 2.9)

Current P/E Ratio (ttm)	24.1460
Estimated P/E(12/2015)	18.6860
Relative P/E vs. SPX	1.2915
Earnings Per Share (USD) (ttm)	2.4029
Est. EPS (USD) (12/2015)	3.1050
Est. PEG Ratio	1.3867
Market Cap (M USD)	70,206.92
Shares Outstanding (M)	1,210.05
30 Day Average Volume	9,260,711
Price/Book (mrq)	3.5676
Price/Sale (ttm)	4.0527
Dividend Indicated Gross Yield	-%
Cash Dividend	-

Pic 2.9 - Coefficients of eBay on 2021

Finalizing it can be said that despite all cons and financial mistakes eBay nowadays is considered to be one of the most valuable companies to invest in the American sector of e-commerce - the potential of the company's growth is 25%

estimated for the next year. So, if there won't be any additional financial spending there won't be anything that can make the company grow in a bad way and stocks of eBay will grow [47].

We also need to take into consideration the business model that is used by the company. eBay is considered to be an auction so it is a buyer to seller platform. eBay is a C2C marketplace that means that buyers get products from the seller and eBay is acting like a middleman in all this situation. It only gets money for fees and ads. Also, eBay is considered to be a B2B business which means that a seller is working with a buyer and eBay acts like a facilitator in the transaction [48].

While making a data analysis which is important for the company we have to consider several things that each e-commerce business focuses on. These things include pay-per-lead, earnings per click, average customer acquisition for eBay, the conversion rate, GMV and of course the main thing is SEO. All these things combined may surely help to understand the focus of the company and how much is spending in which sphere. It is not that important to focus on such things in big companies like Amazon or eBay because there a lot of users, websites are optimized to the ideal condition but what is interesting, these companies still pay attention on such points.

eBay has a unique approach. In the modern e-commerce retailers pay affiliate publishers a percentage of sale or a per-lead fee but eBay has both of that. Its pay-per-lead structure is built on a sliding scale from \$1 to \$50, depending on the lifetime value of the referred customer. Meanwhile sales commissions are 50 to 75 percent of eBay revenue.

Martin-Gill said the combined approach is not changing with the new system. The difference is that both compensation models will be factored into a single click price that's revised daily. For instance, a Harley Davidson-themed blog that refers 1,000 clicks to eBay auctions for motorcycles and parts might be paid \$0.17 per click on Monday based on the recent and long-term revenue derived from its traffic. That earning per click (EPC) figure would remain the same for the whole day, but could change to, for example, \$0.19 per click on Tuesday. EPCs for each affiliate are calculated on the day immediately following the day those clicks happened [49].

The average eCommerce customer acquisition cost is difficult to ascertain because, for many companies, it's a closely guarded trade secret. Amazon is said to spend approximately \$160 per new customer acquired, while eBay pays around \$180, and Facebook spends roughly \$60 [51].

A small business using pay-per-click advertising might only need to spend around \$20 per customer if they choose their keywords well [50].

Conversion rate is calculated based on the number of unique visitors turned into customers, subscribers and users divided by the number of total unique visitors. Therefore, if you're eBay ad has been viewed by 100 visitors and you have made 5 sales, your conversion rate is 5%. The average conversion rate is around 2-3% and varies depending on the device [51].

The battle of the marketplaces continues with Amazon increasingly overtaking eBay. Amazon saw a 40% growth in GMV and 53% rise in number of orders, compared to a smaller increase of 11% (GMV) and 13% (orders) from eBay. However, shoppers are spending slightly more on eBay with an average order value of \$37, compared to \$35 on Amazon. Based on Bright pearl's independent retailers, it seems like both marketplaces continue to grow but Amazon is expanding at an extremely fast rate [52].

SEO of eBay

eBay is an old e-commerce company which has been in the business for many years. They have been working on their website so long that there are almost no mistakes there. Although most of the products listed on eBay are designed by customers and that still affects the SEO of the company. We have to understand that SEO has some main aspects that each e-commerce business has to focus on and we have to study them closer in order to understand what eBay is doing in order to optimize its website and make it more valuable [54].

SEO of the eBay is on the very high standard. It is considered to be one of the best SEOs in the e-commerce and nevertheless it is still progressing. Many companies that are now creating their e-commerce businesses have to take into consideration the processes which are used by eBay in order to make their websites and products be on the front page of Google.

eBay can be considered a good and a bad company at the same time. It has been an e-commerce giant back in the days but has struggled and made several mistakes and now it is paying for those mistakes. eBay has very good business strategies which have been working before their time and because of these some of them have failed. Company has a good knowledge of the market and knows how to behave with their customers and users and sellers on the marketplace. It has a very good optimized website which is considered to be one of the best e-commerce websites in the world. The management of eBay are not putting their hands down. In their 2021 they said that COVID-19 made a huge influence on e-commerce and eBay has taken part into this. They said that many new things will come out in the nearest future and the company will become popular once again and there won't be any financial problems which the company faces nowadays. As for the data analysis of the company there are a lot more things that have to be considered in order to make statements about the status of the company.

3. TRENDS AND MAIN FEATURES OF THE DEVELOPMENT OF E-COMMERCE BUSINESS.

3.1 Trends and features for the global e-commerce market

E-commerce is a huge part of the economy and is vital to businesses that sell their products or services online. E-commerce gives businesses the ability to reach more customers than traditional retail. With so many people making their purchases online, it is the fastest-growing retail market.

There is an interesting fact that consumers search goods in the internet outside their countries. 57% of online buyers said that for the last six months they made online purchases in the foreign online shops.

The average percent of the consumers that made purchases abroad through continents is: 63,4% in Europe, 57,9% in Asia-Pacific region, 55,5% in Africa, 54,6% in Latin America and 45,5% in North America (Pic 3.1). This tendency is connected to the move of e-commerce on the global level. It is important to remember that selling in other countries makes the company follow the trends and tendencies of foreign markets and focus on them [56].



Pic 3.1 - Overseas online purchasing rates

With the permanently growth of internet usage and its popularity among all demographic segments e-commerce is good for almost each company. The creation of the company's presence in the Internet means that the owner of business or company can apply to their customers and increase the amount of business operations by getting the authority on the market. It is almost impossible for the company to compete in today's business world if it does not have enough presence in the Internet which is the main principle of e-commerce. A huge specter of big and small companies uses e-commerce in order to increase their sales by listing their services and goods in the net, where consumers can check or make inquiries and also put orders just by pressing one button.

E-commerce has significantly increased the abilities of consumers though internet. Using their websites and online ads companies can communicate with their clients, give information about new products and sell goods. Consumers forums and functions, which allow people to leave reviews and comments about products and services, gave the consumers more freedom so with the help of e-commerce buyers may put their contribution in the creation of the right product and give their opinion about the general service of the company. It is good not only for the consumer but also for the producer because they can produce goods and services which suits their clients and they won't have losses and may increase the pleasure of the people. E-commerce saves time not only for companies but also for clients [57].

More and more people are making purchases through the social networks because of their fast development. Nowadays social networks became more than just advertising channels and people can buy goods on the popular platforms which they use every day.

Facebook, Instagram, Twitter, Pinterest have already implemented the possibility to use the good catalogues which highly increased online sales. For example, Instagram has made a function "Shoppable post" which allows the companies to tag goods in posts or stickers [58].

The development of the segment of e-commerce has also influenced business processes and consumers behavior. It is important to mention the logistic sector that takes place in each stage of the life cycle of the product. With the appearance of many online retailers and increase of the sales amounts the demand for the standard warehouses is

getting lower to the point of fulfillment operators that give a big specter of logistic services which work with a huge number of SKUs of different types, sizes and temperatures.

In the situation of the market transformation the warehouse industry gives new solutions which include: multi-level mezzanines, weight-controlled assembly, robotic lines and IT products.

The temp of the growth of e-commerce is huge. A lot of new online retailers appear and they are ready to invest in the creation of the logistic ecosystem. The changes to the requirements of the logistic companies will push to the change of the format and creation of new concepts. The increase of demand accumulates the implementation of new quality warehouses. The development of system of local warehouses may significantly reduce the delivery time. And with this the tendency on the development of the market will continue [59].

B2C market of the e-commerce has grown more than in three times for the last five years. The amount of sales in 2019 was almost 4,9 trillion dollars. The leader in the B2C e-commerce is China which has made a big move towards electronic sales to the customers over the last 10 years and has been more successful than many of its competitors.

The fast development of the sphere in connection to the fast-growing electronic base helped a lot of online trade platforms to be created in China for various spheres. There are three huge companies that are in the top list of the worlds e-commerce companies. They are Alibaba group, marketplace TAOBAO and TMALL which have the goods turnover more than 1,2 trillion USD.

In the 2019 the group of companies Alibaba had a number close to 56% of the whole e-commerce market in China. Today it works in more than 200 countries and sells all types of goods to many people all over the world.

The rapid growth of the Chinese market and its expansion in the world have contributed to the creation of new strategic solutions by the Chinese government and the creation of special e-commerce zones. The e-commerce special zone is a document and

customs clearance system that uses e-commerce to provide preferential and convenient international goods flow.

These regions have been working in 37 cities in China, which has improved the liberalization and convenience of international online trade. China's success has attracted more and more multinational companies and brands [60].

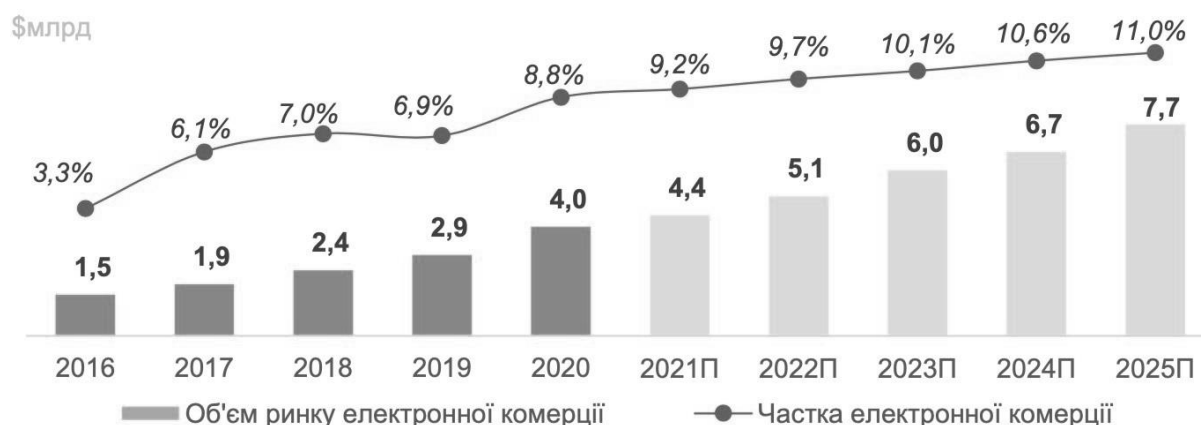
Despite such a big success of e-commerce there are many other factors that influence customers decisions on buying or not buying a good. An example of this is the topic about the security of the nature which has become a trend several years ago. Today a lot of popularity gain ecofriendly goods. The research conducted by hbr.org said that around 65% of users want to buy goods of the companies which support nature protection. People are more interested in the goods which are made using ecological clear methods and are also able to recycle several times and also goods which help to secure the environment. To get the attention of the client's e-commerce's can use natural package, send receipts via e-mail, add products that are oriented on the security of the nature and have a special slogan for this [61].

As it was already mentioned there are many things that can be done in order to improve the e-commerce and increase it even more. There are still things that have to be developed and things that have to be implemented in order to make e-commerce better than offline shops. Many governmental legislations have to be created in order to control e-commerce and make this business as legal as offline businesses. It is important for many e-commerce companies to follow the trends that occur in the modern world. With the help of e-commerce, the worlds trading market will become much more easier and people from all over the world will be able to afford goods which they could not afford without online shops.

3.2 Ukrainian trends and developments for the e-commerce market

According to the research from the beginning of pandemic COVID-19 the volume of the e-commerce market in Ukraine has grown for 41%.

The e-commerce market in 2020 was one of the most dynamic markets in Ukraine. It reached the point of 4 billion which is almost 9% from the whole volume of retail trade. And for the last five years the market has grown for three times. And the forecast for the next five years is that the market will grow twice. (Pic 3.2)



Pic 3.2 - The e-commerce market of Ukraine and its statistics.

According to the information the percent of e-commerce contains 2,6% of GDP of Ukraine. This is more than in Latvia (1,11%), Hungary (1,4%) and Russia (1,8%). At the same time the amount of spending for e-commerce remains on the low level with comparison to other countries – around 104\$.

Among the main factors that influenced the growth of e-commerce in the country the most highlighted are: the growth in the Internet penetration level and the amount of smartphone users, restrictions due to the pandemic and also growth in the trust rate to the payment online platforms.

The volume of e-export in 2020 was around 450 million USD. The biggest importer of Ukrainian goods is USA - 33% from the Ukrainian e-export. On the second place is Russia (16%) and on the third UK (7%).

Mainly e-export is presented in the face of the sales of goods of Ukrainian companies through international platforms of e-commerce (Amazon, Etsy). Kiev is the biggest e-exporter with a share of 33%.

The biggest and the most developed sectors of e-trade in Ukraine are electronic devices and clothing. In average, the sector of clothing has been growing for 26% from

2016 and has reached 291 million in 2020. The share of e-commerce in the retail trade of clothing was 6,8% and the average receipt was 24-31 USD. It is forecasted that by 2023 this percent will grow to 10%. The most visited websites for buying clothes were Shafa (105,1 million of visits), Klubok (35,1 million) and Kloomba (34,9 million) [61]

It is also interesting the in the category clothing we can also see H&M. Despite the fact that this internet shop does not work in Ukraine, the amount of traffic from Ukrainian consumers has reached top-10 in the world.

Also, there is a new category with a big potential of growth which is food and delivery of prepared food. The volume of this segment by the end of the year was 150 million Hryvnia.

The volume of the e-trade of furniture by the end of the year was 69 million USD and took 9,2 % of the retail trade. The experts forecast that in the nearest three years this category will grow in 1,7 times. The most visited shops of furniture in the previous year were Jysk, Taburetka and MebelOk [61].

The dynamic of the growth of the e-commerce market in 2019-2021 was huge: in several categories it floated from 40-80%. A lot of new services and shops were created. And Ukraine has reached a high level among other countries with e-commerce. But there are still a lot of things that have to be done and it is important to understand what exact trends have to be followed in order to increase the Ukrainian e-commerce market. Here are several main trends for the upcoming years:

- 1) Creation of new marketplaces. In 2022 we have to wait for the creation of 3-4 new marketplaces as from the already existing e-commerce operators on the market and also very new projects. The most perspective goods categories will be food, medicine, repairment, pet goods, furniture, face care products.

- 2) The creation of fulfillment centers for e-commerce. The increase in the amount of fulfillment centers oriented on small and medium business. They will include storage of goods, call center, sending order and getting back goods.

- 3) Domination of marketplaces. Around 52% of searches of goods in the USA is made firstly by the users on Amazon and less in Google. The Ukrainian market is following the global tendency and, in several years, the main channel for selling goods

will be a marketplace. The role of the own website, webpages, ads through social networks for many good groups will be on the second page. Multicategories marketplaces like Rozetka, Allo, Prom will increase the general amount of the traffic. The percentage of small online shops will be decreasing.

4) External markets. The Ukrainian providers will increase the percentage of sale on the foreign marketplaces (nowadays only 10-15% of shops sell their goods not only in Ukraine). Big Ukrainian companies will move outside and provide their services outside the Ukrainian borders [62].

The e-commerce market is a good perspective for many companies. They have a lot of opportunities especially nowadays. The market is growing fast but there is still a lot of free space. Ukrainian market of e-commerce is also growing fast. It is a good example of how something bad like pandemic can influence the semi profitable market and get it on the next level.

E-commerce is still in the process of development. Data analysis, business strategies, SEO are just things that cannot provide the full guarantee to the business as well as to many other offline businesses. There is a lot of information on how to improve the business, how to understand e-commerce and other. But it is really difficult to conclude all the aspects in one. E-commerce will grow even more in the near future and there is a possibility to increase profit and make the economy stronger.

There are many trends and implementations that can be done in order to increase and improve the e-commerce. It is important to mention that the studies across the markets of e-commerce can suffer problems because of the many legislations and governments of many countries have not yet created laws that may conduct the behaviour of many e-commerce companies on the market. There are also many things that are connected to the IT sphere like development of e-commerce through social networks and mobile devices. It is also required to understand that there are countries like China and USA where the e-commerce market has reached its best condition and many of other companies have to focus on that markets rather than try to develop their own markets.

CONCLUSION

E-commerce is a sphere that has been developing for many ages. A lot of business models have been created that helped a lot of people and businesses to develop on the world market. Since the creation of the first dotcom the sector of e-commerce has advanced in many ways. It is more secured, more popular and even without having appropriate legislation in many countries it is still developing there. Nowadays due to Covid-19 we can see a huge increase in such types of businesses and people are willing to follow that increase.

E-commerce may soon become the major business all over the world if it has not done so yet. There are many things that are good and bad about e-commerce and there are many opportunities in such type of business. There are even more things that can be implemented to e-commerce. It can be connected with many spheres not only of economy but also of IT and other scientific spheres.

One of the most important aspects that has to be done by any e-commerce business is data analysis. It may help to bring company on the next level simply by analyzing data from website and from the net.

Big companies nowadays focus on data analysis because it helps them to find new customers by doing small things that can barely affect the market. Data may help in many ways like optimizing the experience of companies' users, gathering data and even inventory management.

If we are talking about connecting other scientific spheres to e-commerce we have to understand that there are many things that have to be done and have to be defined, but unfortunately is almost impossible to conclude them all. SEO is connected more to IT technologies and has almost nothing in common with economics, but it is still a very important part of each online company. SEO helps an e-commerce business to improve its positions in the internet among competitors,

make people feel more comfortable while using the website and shopping. SEO is more focused on marketing which is an important part of e-commerce. All those keywords, placement of products on the webpage and other stuff that has to be involved in SEO makes in general the beginning of each online business.

And we also have to understand that without pricing and pricing strategies any online business cannot exist. As we may conclude there are many pricing strategies and they are different for each company. Before implementing them, it is important to focus on data analysis and analysis of customers and competitors. Pricing strategies may help the company to reach its target > increasing profit and increasing number of customers, but at the same time it may play a bad joke with it. There are a lot of examples when companies went bankrupt after lowering the prices or increasing the prices or simply staying at the same level.

To conclude the whole scientific work, it is important to mention that e-commerce is still in the process of development. Data analysis, business strategies, SEO are just things that cannot provide the full guarantee to the business as well as to many other offline businesses. There is a lot of information on how to improve the business, how to understand e-commerce and other.

The scientific work on the topic of e-commerce was not created in order to solve the problems of e-commerce. There are not so many problems nowadays and if there are some they are mostly connected to security of personal information. E-commerce as a sphere has a huge potential to grow.

This work showed how and in which ways it is better to develop an e-commerce business. There are many aspects that are beyond the reach of human eye because they are hidden by companies. But nevertheless, the general information about companies, theory and potential trends has been reviewed in this work. It is not necessary to follow all the solutions that have been reviewed because not all of them are good for a specific type of business. If anyone is trying to open an e-commerce business he has to conduct a data analysis and understand all risk before doing that.

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Annexes

Annex A

SUMMARY

Levchenko O.V. E-Commerce as the main direction of international business of the future – Masters-level Qualification Thesis. Sumy State University, Sumy, 2021

The master's thesis focuses on the essence of definition of e-commerce, strategies and pricing principles, SEO development and data analysis in the form of international and national development of the e-commerce market. The main indexes and formulas used in data analysis of an e-commerce business. The main trends and forecasts of the e-commerce market on the international scene and development of the future of the market.

Keywords: e-commerce, pricing strategies, data analysis, big e-commerce vendors, trends and forecasts.

АНОТАЦІЯ

Левченко О.В. Електронна комерція як основний напрямок розвитку міжнародного бізнесу у майбутньому – Кваліфікаційна магістерська робота. Сумський державний університет, Суми, 2021.

У роботі досліджено сутність поняття електронної комерції, стратегій та цінових принципів електронної комерції, розвиток SEO та аналіз інформації для розвитку міжнародного та внутрішнього ринку електронної комерції. Проведений аналіз основних індексів та формул які використовуються для аналізу інформації в бізнесах електронної комерції. Проаналізовані основні тренди та прогнози для ринку електронної комерції на міжнародному ринку та майбутній розвиток ринку електронної комерції.

Ключові слова: електронна комерція, цінові стратегії, аналіз інформації, великі постачальники електронної комерції, тренди та прогнози.

Annex B

Реферування іноземних літературних джерел мовою оригіналу магістерської роботи на тему: “Електронна комерція як основний напрямок міжнародного бізнесу майбутнього”

(E-commerce as the main direction of international business of the future)

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As a result of analysing the factors that are mentioned in the book several of the developments were proposed to make in order to improve the strategies of e-commerce stores and e-commerce business in general.

There are several principles that have been mentioned in the scientific work that have been mentioned in the book. To these principles we can add such things as:

1) Funnel principles - Although the online world may look completely different, the truth is that direct sellers have been using the same method to win customers for years, and online is as good as offline. Like an iceberg, what matters is what happens behind the scenes of your funnel.

2) Communication strategy - The key to making the funnel work is to develop a character for the "attractive character" that will communicate with the people on your list. If you use a common communication strategy, all you end up with is a website that looks the same as everyone else. Use attractive characters to communicate and you will build a follower.

3) Traffic strategy - Before building your own sales funnel, take a look at the sales funnel that others are already using to successfully sell products to your target market. Reverse engineer what they are doing, find out where they get traffic from and clone what they are doing. Add your own style later, but start with what they are doing.

According to this book and the author the implementation of these strategies will “transform your website from a flat, two-dimensional company into a three-dimensional sales and marketing machine that allows you to outspend your competitors, acquire an

almost unlimited number of new customers, make (and keep) more money, and most importantly, serve more people” (Russell Brunson)

2. (68) Michael E. Gerber *The e-myth revisited: why most small businesses don't work*: Paperback, Harper Business, October 14, 2004

The main idea for the scientific project that was taken out from the book was to get the information and make the analysis why big companies like Amazon or eBay that are presented in the work are more successful than small companies. And what aspects have to be mentioned for small and Ukrainian businesses have to be mentioned before entering the e-commerce market.

The focus of the book was on developing small businesses. The reason why many small businesses are small and do not realize their potential is that they are established and operated by "technicians." Technicians know how to do technical work, but rarely consider the equally important roles of "entrepreneur" and "manager". To successfully run a small business, all three roles must exist at the same time.

The combination of entrepreneurial foresight and manager's pragmatism, as well as the technical skills of technicians, is necessary to build a successful small business.

Michael Gerber said that the entrepreneurial myth he called E-Myth is that most business founders may think of themselves as entrepreneurs, but they are often just technicians.

A successful business should have a plan, but many small businesses do not. This is because most business owners spend most of their time "engaging in" the business, and seldom spend time "engaging in" the business, making strategies and plans.

3. (46) eBay Inc. report of the results of the third quarter of 2021:
<https://investors.ebayinc.com/investor-news/press-release-details/2021/eBay-Inc.-Reports-Better-Than-Expected-Third-Quarter-2021-Results/default.aspx>

This report is one of the main things that the second part of the practical part of the scientific work has focus on. This report was made by the eBay company with the reports

from financial departments, marketing departments and CEO. This reports also has information about the general statements and forecast for the future of the eBay.

The scientific work consists of the information from this report in the practical part where the financial results of eBay have been reviewed. There is also an information about all financial and tax movimentes of eBay during the period of the third quarter of 2021 and the forecasts for the future.

The report also has the table which consists of current assets and liabilities of the company as well as information about cash flows and legal entitites.