

The impact of the lock-down caused by COVID-19 on the digitalisation of the economy in Ukraine

Without the use of digital technologies, it is impossible to imagine our present, and every year their distribution becomes more and more active. Although at all times there have been and continue to be many conservatives who are in no hurry to adapt to innovations, but use what they traditionally have. A lot of people (both in Ukraine and the world) was pessimistic about the widespread use of new technologies, this can be explained by the fact that the digitalization of public life leads to many risks, such as identity theft or complete dependence on Internet coverage. But despite a lot of obstacles to digitalization, there was a problem that could only be solved throughout digital technology - the lock-down caused by COVID-19.

As a result, there is a very important to research the process of the development of digital economy during the years of the lock-down, in order to find out how business has changed, how many more consumers can now be found through the Internet. And, to verify hypothesis regarding the adaptation of business to new challenges, among which are current changes in consumers' thinking and war against Ukraine.

During the lock-down in Ukraine, the government introduced some restrictions to avoid a high rate of mortality. These restrictions concerned the avoidance of close contact between people; a large crowd of people was impossible, which had a very negative impact on the service sector functioning and could destroy this business. A huge amount of enterprises and consumers began to use more actively digital technologies, which meant the transfer services into online.

The quantity of Internet users in the world has grown from 4.1 billion in 2019 to 4.9 billion in 2021 [6]. In Ukraine, this growth amounted to 2 million of users, or 33% in 2021 compared to 2019 [4]. The growth of Internet users has led to an increase in online purchases, so according to data of the EVO company, in 2020, compared to 2019, the number of online purchases increased by 107 billion UAH, or 41%, while the number of online payments increased by at least 50% [3].

In response to the growth of requests from buyers, the number of sellers offering digital services or helping to promote them has also increased (Fig. 1).

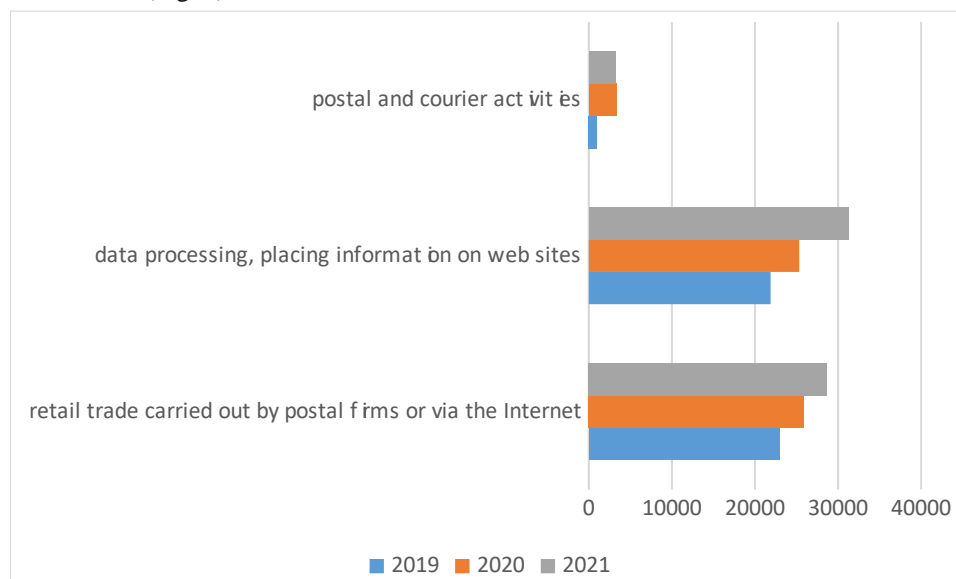


Fig. 1. Dynamics of the quantity of acting business entities by types of economic activity in Ukraine, related to the digitalization of the economy in 2019-2021, units

Source: created on the basis of data [1].

First, we need to compare the quantity of business entities by type of economic activity in Ukraine; so the number of enterprises that had CCAE retail trade carried out by postal firms or via the Internet increased by 5700 units, or 24%, in 2021 compared to 2019; the quantity of data processing enterprises, placement of information on web sites and related activities increased by 9329 units, or 42%; postal and courier activities for 2181 units, or 3 times [1].

No less important is the analysis of revenues of these activities, in particular, there was an increase in revenues from retail trade carried out by postal firms or via the Internet by 2.2 times, and from data processing enterprises, placing information on web sites and related activities by 65%. In addition, revenues from the provision of mobile services increased by 11592 million UAH, or 28% [2].

Thus, despite of lock-down the digitalization of the economy has significantly accelerated, and it is a trend which can no longer be stopped. According to IBM experts, this acceleration in the world is approximately five years [5].

Ukraine did not bypass global changes, in 2021 compared to 2019, the quantity of Internet users increased

significantly, and at the same time, the quantity of purchases on the Internet, which had a positive effect on the increase in e-business revenues. Among the consequences of lock-down, we can also see a change in the portrait of the consumer for many activities, - nowadays more potential customers use the achievements of digital technologies, make more purchases via the Internet. The business has changed, most enterprises are now trying to conduct their activities via the Internet, while creating websites and choosing CCEA that allow selling not only offline but also online.

And, an important consequence of the lock-down and, accordingly, the acceleration of business digitalization is what has helped and helps businesses adapt to the new challenges today, the main of which is the war. Because the transition of business into the Internet has led to the fact that business continues to be conducted, despite the deterioration of the environment.

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