



## Covid-19 a boon for e-commerce industry

**Shweta Tiwari**

Associate Professor, Nachiketa College of Computer Science, Commerce and Advanced Technology, Jabalpur Madhya Pradesh, India

### Abstract

E-commerce' and 'online shopping' are often used interchangeably but at its core e-commerce is much broader than this – it embodies a concept for doing business online, incorporating a multitude of different services e.g. making online payments, booking flights etc.

E-commerce has experienced rapid growth since its humble beginnings with e-commerce sales projected to grow to 599.2 billion USD by 2024. The COVID-19 outbreak saw e-commerce sales spike 25% in March 2020 alone. The power of e-commerce should not be underestimated as it continues to pervade everyday life and present significant opportunities for small, medium, and large businesses and online investors. You don't need to look far to see the potential of e-commerce businesses. Amazon, for example, which set the standard for customer-orientated websites as well as a lean supply chain, is selling over 4000 items a minute from SMBs alone.

In the short term there will likely be a boost to some sectors of e-commerce as people would continue to be apprehensive of stepping out frequently even after the lockdown ends. But again, in the short term, scaling up of the supply chain in keeping with requisite safety measures will be a challenge. While it is safe to say that the entire e-commerce industry will not be seeing a positive net change, the fact that it shall surely thrive more than brick and mortar stores can be relatively safe assumption. In the long term, however, the growth of e-commerce would depend on how efficiently they provide and adapt their services in accordance with general consumer psyche. Probably, companies which are able to respond better during this period will be able to better tap into the potential shifts in attitudes towards online purchasing. At the same time however, hyper-local shops like *kirana* stores are not likely to be endangered but rather transform their services with the help of digital logistics platforms. E-commerce has grown rapidly and changed significantly over the years, as such there is plenty for buyers, investors and entrepreneurs to be mindful of. Understanding different fulfilment models, as well as the pros and cons of different platforms, is critical when evaluating potential e-commerce businesses for sale.

**Keywords:** pandemic, covid 19, e-commerce consumer, industry

### Introduction

The term e-commerce was coined back in the 1960s, with the rise of electronic commerce – the buying and selling of goods through the transmission of data – which was made possible by the introduction of the electronic data interchange. Fast forward fifty years and e-commerce has changed the way in which society sells goods and services.

E-commerce has become one of the most popular methods of making money online and an attractive opportunity for investors. For those interested in buying an e-commerce business, this article serves to provide an introduction to e-commerce, covering the reasons for its popularity, the main distribution models and a comparison of the major e-commerce platforms available.

There has to be an established inventory blueprint to cope up with the sudden increase in the demand for products and services in the country. Having the right inventory blueprint makes it easier for you to store, organize, summarise, and track all your orders. There are e-commerce platforms with built-in features that allow you to manage inventory efficiently as well. The journey of Thirdwatch during the course of COVID-19 has been nothing short of a rollercoaster ride. At the start of COVID-19 and for a few months afterwards, cash-on-delivery rates were negligible. However, post-June 2020, after the lockdown regulations were eased, e-commerce began to accelerate and COD

began to pick up quickly.

### Literature Review

The Indian retail market is segregated in unorganized and organized sectors, out of which unorganized sector includes about 13.8 million conventional family-run neighbourhood stores and the organised retail sector with a share of less than 10% (IBEF, 2020; Halan, 2020). The organised sector further includes all organized brick and mortar stores and online shopping sites (. Despite the boom in the B2C e-commerce sector in India, the majority of Indian consumers continue to have faith in the neighbourhood brick and mortar stores for shopping as they prefer to touch and feel the products before buying and negotiating discounts over-the-counter. In India, a great majority of B2C e-commerce retailers, draw consumers to shop online by offering various exciting schemes such as discounts, free delivery, buy-one-get-one-free and exchange offers (Srivastava & bagale, 2019; Joseph, 2019). However, many Indian shoppers known to be cost-conscious and conservative as a part of their value system, are generally not attracted to making quick decisions based on promotions and advertisements. Moreover, online shoppers, many-a-times, come across problems concerning product delivery timelines and customer support. Customers' perception of risk toward online web sites is aggravated due to the inferior IT set-up

used by several e-tailers, resulting in the hacking of personal information (Retail Economic Times of India, 2020; Staff, 2020).

### Research Method

This paper is based on the results of a survey that investigates the impact of COVID-19 on e-commerce businesses from early March to end of July 2020. It focuses on few countries, mainly LDCs, in and Asia the countries have all benefitted from e-commerce capacity building programmes, either through an eTrade Readiness Assessment (eT Ready) or a national e-commerce strategy. The private sector questionnaire, conducted in English, targeted two types of businesses i) companies selling at least part of their goods and services online, and ii) third-party online marketplaces. Where relevant these two types of businesses responded to separate sets of questions, tailored to the specific type of business. The questionnaire was tested early June 2020 by a selected group of representatives of the two target groups as the number of initial contacts per country varied, so does the number of responses obtained per country. Hence, results and findings should be interpreted with caution. This analysis is descriptive in nature for the recent experience of e-commerce sector participants, but it is not representative in terms of market size, in-country

257 representatives of e-commerce businesses, out of 699 invited, responded to the survey and shared their experience following the outbreak of the COVID-19 pandemic. Businesses have been divided into two groups: companies selling at least parts of their goods or services online and third party online marketplaces. The responses from the private sector were complemented by public sector responses from 12 countries,4 elaborating on measures taken during the COVID-19 crisis to support e-commerce as well as to use e-commerce for economic recovery efforts.

In depth responses from 257 respondents representing online businesses. To gather respondents, the survey invitation was sent to 699 contacts. In total, 345 individuals responded. The survey was targeted only at those businesses that were involved in e-commerce. Of the 345 respondents, 301 met the assessment criteria, i.e. to be part of a business selling, at least in part, online, while 44 were not selling online. For the latter group, the survey ended after this question number of survey respondents per stage of the survey. Out of the 301, a further 44 discontinued their responses after the initial screening question despite not being filtered out. Therefore, this paper is based on an initial sample of 257 respondents, from 245 distinct businesses. Number of respondents per survey section E-commerce companies and third-party online marketplaces from few countries participated in the survey, mostly from LDCs. In terms of demographics, a quarter of all respondents had their e-commerce operations in. These differences are due to varying numbers of initial contacts and the sharing of the links among possible respondents, which was encouraged. Additionally, the size of each country's e-commerce markets varies significantly, in some cases the market has only a limited number of participants. Two-thirds of the respondents used the English survey

### Covid-19 and e-commerce towards consumers

One of the scariest topics that everyone is talking about is the outbreak of novel corona virus. Currently, if we quickly

look into some numbers, there are more than 7 million active cases and more than 4 lakh deaths all around the world. In a bid to flatten this curve, the Indian government declared a complete lockdown i.e. 1.3 billion people locked inside their homes. While the wind of COVID-19 is blowing against many aspects of the carefully knitted human civilization, there are certain domains that have been blown ahead of their times like food industry, hospitality and tourism, automobile, aviation and many more. One more such domain is that of e-commerce. An entire business management system is disturbed because of this virus. Consumers have drawn a line between want and need. As COVID-19 continues, the impact on the e-commerce continues to fluctuate depending upon the industry. Some of the strongest economies in the world are struggling to get back on track. While e-commerce has proved itself essential after the outbreak of this deadly virus, there are still some sectors of it which are trying hard to cope with the situation. Though it is impossible to predict the full impact of corona virus on e-commerce and online growth rates, it will depend upon the niche and the duration of future social distancing. Below are some points that will be affected after COVID-19.

### An inflow of online shopping

As traditional street-side business has completely shut down, people are taking their business online. Somehow the sales in some sectors have gone up leading to the shortage of several products. Due to the sudden declared lockdown, panic buying of house hold products became a trend. This eventually led to shortage on a larger scale. People are switching from malls and supermarkets to ecommerce for everyday commodities, the sales of companies like BigBasket and Grofers have gone up and will continue to be that way in the coming time as well. CouponzGuru is also providing people good deals in these tough times to make sure that the customers do not suffer

### Efficiency and Time Saving Power is Here to Stay

Online shopping has a benefit that you don't have to go out to shop and waste time; everything is delivered at your doorstep. Even small stores are giving home delivery. In the coming time people will prefer buying online rather than from stores.

On the other hand, quarantine has also shown the worst side of everything so far. It has alleviated the severe time shortages that so many people have faced in this entire time. Since people are unwilling to go out to shop as the fear of getting sick remains constant, insufficient labor strength is still an issue. Though online grocery stores are receiving orders on a very large scale, the manpower is not sufficient to deliver them on time.

### Increase in corona virus related ecommerce store

The shopping habits and consumer behavior is changing rapidly. To stay competitive, businesses have started to sell what's important presently. Some e-commerce sellers are adding soaps, sanitizer and other hygienic products to meet consumer demands.

### Retailers shifting towards selling essential goods

Since people are still buying essential commodities, a lot of retailers selling non essentials like jewellery, clothes and foot wears have faced a huge loss. This is likely to have a long term impact on them. So, to bear this, retailers have started to sell essential goods. They are using technology to

be back in the game. This may seem tough but there is still a ray of hope. Since the attitude of buyers is changing, the retail industry is also expecting a change in the nearby future.

### Digital transformation of local kirana shops

These shops have played a crucial role in this tough time. We know these kirana shops are the life blood of people. Now due to the outbreak of the virus people are looking for alternatives so that they don't have to be in contact with anyone. With the kirana shops digitizing and starting to deliver online, people are finding it even more convenient to have everything on the tips of their fingers. Local shops are now confined to a radius of a few kilometers in which they can deliver. They are even offering contactless deliveries along with sanitization of the goods that you have ordered. It helps to stop the spread of the virus and the fear among people. Digital transformation of local kirana shops has benefitted both; the consumers and the retailers.

The future of e-commerce is unfolding now with COVID-19 forcing the very many people who previously relied on their street's kirana shops and their friend's friend shops for non-essential items to clutter the growing user lists of e-commerce companions. So, post COVID will these people go back to their old ways of garnering items or will the comfort, ease and the discounts rope them into staying within the world of e-commerce is still a question.

#### Covid-19 and e-commerce towards industry

The factors which drive the growth of the e-commerce market before the COVID-19 pandemic include strong and steady growth of internet users and rising awareness related to online shopping, increasing online launching of products, low price due to bulk purchase and so on. In addition, an increasing number of exclusive products in the market and lower prices of goods due to the direct distribution channel and economies of scale further contribute to the growth of the global e-commerce market.

Moreover, after the COVID-19 pandemic, social distancing and staying home is further expected to push the consumers towards online shopping. However, uncertain consumer demand and supply chain issues can affect the e-commerce industry. The COVID-19 pandemic issue can also affect big merchants such as Walmart, which are experiencing a drop in casual shopping, supply chain disruption, and an increase in purchases of essential toiletries, groceries, and other products.

The global e-commerce industry report is segmented based products including electronics, healthcare beauty & personal care and others. The outbreak of COVID-19 had an impact on these segments due to the uncertainty in the supply chain and consumer demand across the globe. E-commerce supply chains are mainly strained by COVID-19 as well as factory closures in China, the US, and other countries. The most affected industry segment due to the COVID-19 outbreak is the electronics products as China accounted for most cases of COVID-19 and as per the International Trade Union Federation (ITUF), the country is the largest producer of the electronic and its parts globally. A considerable amount of China's imports is encompassed of electronic parts that are assembled into finished products, such as consumer electronic products and computers, and then exported. However, due to the factory shut down electronics products supply chain are now close that further impacts the electronics e-commerce industry. The e-commerce in

various regions such as North America, Europe, Asia-Pacific and the Rest of the world are impacted by the novel COVID-19 pandemic. The countries in which most of the cases recorded include Italy, Spain, France, and Germany in Europe and China in Asia-Pacific. China's giant e-commerce service provider Alibaba has struggled to sustain growth rates during an economic slowdown in its domestic market and faced with the uncertainty of the coronavirus outbreak. Key companies getting affected in the market include Alibaba Group Holding Ltd., Amazon.com, Inc., Qoo10 Pte. Ltd., JD.com, Walmart Inc., Shopify, Rakuten Group, and eBay Inc., and others. For instance, Amazon made some heavy investments in one-day shipping that aren't compensating off quite yet. In 2019, its net income fell by 26% and shipping costs rose by 46%. The coronavirus pandemic affects Amazon's profits throughout the first half of 2020.

### Conclusion

The worldwide spread of the COVID-19 pandemic has disrupted how people buy products and services and how they perceive e-commerce. The standardized lockdown rules across India and the growing hesitation among consumers to go outside and shop for essential goods have tilted the nation towards e-commerce.

Consumers have switched from shops, supermarkets, and shopping malls to online portals for the purchase of products, ranging from basic commodities to branded goods. "Customers want to avoid stepping out unless it's very critical. We are helping customers who are stuck in that situation, and we are able to play a small part in helping (cater) to their needs," – Gopal Pillai, Vice President for Seller Services at Amazon India. E-commerce involves more than just having a brand name and selling products online. Finding the right target audience, product niche, and connecting with your customers is vital because it allows you to cut down unnecessary costs and provide products that are most suitable for your customer base.

The initial steps taken to develop and launch your store paves pay for the growth of your business. Since there is no face-to-face communication with the buyer, you have to compete with other online stores in terms of price, products, and offers to remain relevant. As the consumer behavior of people is changing due to the shift to digitization, there are various factors to address before you think about success. Setting up a new e-commerce business is no easy task, but the prospect of having one is more attainable than ever.

With so many businesses going online to satisfy their wants and needs during the year, the focus on digitalization and innovation has taken centre stage and is expected to do so for years to come.

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