

IMPACT OF COVID-10 ON BUSINESS MANAGEMENT: RETAIL, E-COMMERCE AND DIGITAL TRANSACTIONS

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ABSTRACT

All across the globe COVID-19 has created a significant impact on the lives of each and every individual. As a result, it is really important that now people and businesses should learn to respond and rediscover new ways of getting back on track. All the sectors of business have suffered huge losses and now it's the time that they should consider new ways of minimizing the risk and come up with various plans and actions for so as to minimize the impact of Covid-19 and maintain their continuity. This paper focuses on three segments namely retail, e-commerce and digital transactions in order to find out the impact and what possible measures can be taken to minimize the impact.

Keywords: Covid 19, Retail, E-commerce and Digital transactions.

INTRODUCTION

The COVID 19 as named by WHO is an ongoing global pandemic that is caused due to severe acute respiratory syndrome corona virus 2 (SARS CoV-2). It is believed that it originated in Wuhan, Hubei province, China as a new infectious respiratory disease in the month of December, 2019. The history of human civilization also reveals that there have been many instances of severe outbreaks of such viral diseases. The COVID-19 pandemic is supposed to be one of the biggest challenges faced by mankind since World War II. It is considered to be the most crucial health tragedy of the century as its impact can be seen all over the world.

According to the report of the World Health Organization (WHO as of November 6, 2020), the current outbreak of COVID-19, has affected over 48,534,508 people and killed more than 1,231,017 people in more than 200 countries throughout the world. This COVID-19 pandemic has led to a significant loss of human lives all over the world and has posed unique challenges in all walks of life. Doctors and researchers have been working day and night but still they have not been able to develop a clinically proven vaccine that is effective against COVID -19.

It has spread rapidly around the globe, and has significantly affected every segment of society like: economy, education, culture, ecology, commercial establishments, religion, politics, transport, tourism, employment, entertainment, food security, sports, etc.

This pandemic is highly devastating as it has caused serious social and economic disruptions. Millions of organizations are facing an existential threat and more than half of the world's 3.3 billion global workforce are at risk of losing their livelihoods.

IMPACT OF COVID 19 ON RETAIL BUSINESS

COVID 19 has completely changed our lives, forcing the nations to implement complete lockdown all across the world making it compulsory for people of all the age groups to stay indoors for months. It has adversely affected global businesses and has led to global economic slowdown. All those businesses sectors that involve direct interaction and involvement of customers like the retail sector has seen a sharp decline. With big malls and retail stores being closed there has been a drastic slump in the sales as well as manufacturing of retail goods.

The COVID 19 pandemic has completely modified the consumer behavior. People have become more and more concerned about their health and safety. It has forced people to live, think and act differently. People are staying away from markets and crowded places and have started adopting online shopping to make their purchases like shoes, clothing, groceries and other everyday use items. As a result, online marketing and e-commerce activities are flourishing. Another behavioral change that can be witnessed especially in case of millennials is that they may cut short on buying expenses and would focus on buying only those items that they may really require. Hence, they would buy lesser than they would earlier. It is expected that consumers are going to reduce their spending on fashion, electronics, furniture and other discretionary items. Experts have predicted that growth estimates for global retail in 2020 would be just half of the pre-COVID-19 forecasts.

Even though retail sector has suffered huge losses during the lockdowns but now things are getting back on track and activities are returning to normal. In order to recover and meet the expectations of customers the retail sector needs to evolve. Even though customers have got into the habit of online purchasing but still a large number of customers are still looking forward to rediscovering the lost human contact within stores.

On the basis of a study conducted by KPMG the retailers need to focus on:

- Predicting and managing demand fluctuations.
- Present and predicted liquidity profile and cash reserves and assess any changes that may be required in working capital.
- Ensuring the safety and security of employees as well as customers.
- Contingency planning to minimize the risk of disruption in supply chain.
- Shoring up customer relations so as to communicate safety measures and instill confidence in the customers to make in-store purchases.

Other significant areas of concern that cannot be ignored by retailers are:

- Controlling the maximum capacity or the number of people inside the store in order to maintain hygiene and social distance. Even though this can be controlled by making use of counting tools, heat maps and having greeters but it still poses a challenge to the retailers who would be doing it for the first time.
- Disinfecting and cleaning the fitting rooms and looking out for some other alternatives like placing curtains in place of doors because they are easier to disinfect. Other advanced option could be making use of augmented reality.
- Disinfecting the tested or returned clothing or other articles is also a major challenge because microbes can freely penetrate into fabrics like cotton. So textile companies need to look in for perfect substitutes. Moreover, retailers can also set up separate quarantine rooms where tested or returned clothing or other articles can be stored for about two weeks.
- Managing the queues and payment process efficiently without causing delays.
- Providing appropriate training to employees before they return to work so that they are aware about the new regulations w.r.t. to health and safety, disinfection protocol and other roles within the stores.

IMPACT OF COVID-19 ON E-COMMERCE

The term E-commerce has gain a lot popularity in the last 10 years. The concept of e-commerce varies in accordance to the stakeholder who are using this platform for different purposes. For example:

From Business Perspective: The e-commerce refers any form of business transactions. It includes buying and selling of goods and services over the internet which is replacement of traditional brick and motor stores used in procurement and selling of good and services.

From the service Perspective: The e-commerce is a tool that helps the organizations and the customers to deliver their products or the information on the Internet. It provides faster access, better services that greatly help in the organizations to survive in this competitive environment. It enhances the service delivery that in turn increase the customer satisfaction.

From the communication perspective: The e-commerce includes all tools, software's, and payments model that are used on the internet to deliver the product or provide services to the customer.

But all the perspective defines electronic commerce as a new endeavor that has the capability that do or improve the transactions over the internet.

There are also many forms of e-commerce depending upon the type of user involved it can be business to business e-commerce (B2B), business to consumer (B2C), consumer to consumer(C2C) etc.

Though the e-commerce is well practiced in many developed countries, but in India the e-commerce adoption is very slow as the adoption of e-commerce involves change in the consumer behavior. So the digital divide well prevalent among the Indian population slows the adoption of e-commerce in India.

But, all across the globe the COVID-19, has led to major change in business condition for B2B and B2C companies and similar is the conditions in India. There is significant change in the selling and buying behavior of organizations and customers respectively. This change is not only significantly visible during this pandemic time but might continue after the pandemic also. COVID 19 is a novel and challenging situation for the entire world countries and it is affecting the e-commerce trends significantly.

CHANGE IN THE E-COMMERCE TRENDS DURING COVID-19

The novel corona virus has impacted almost all business and similarly the e-commerce of the entire world. The people are strongly adopting not going to brick and mortar shopping until they get the corona virus vaccine. Even the late adopters of technology and e-commerce are forced to adopt the internet commerce in the prevailing condition of COVID-19.

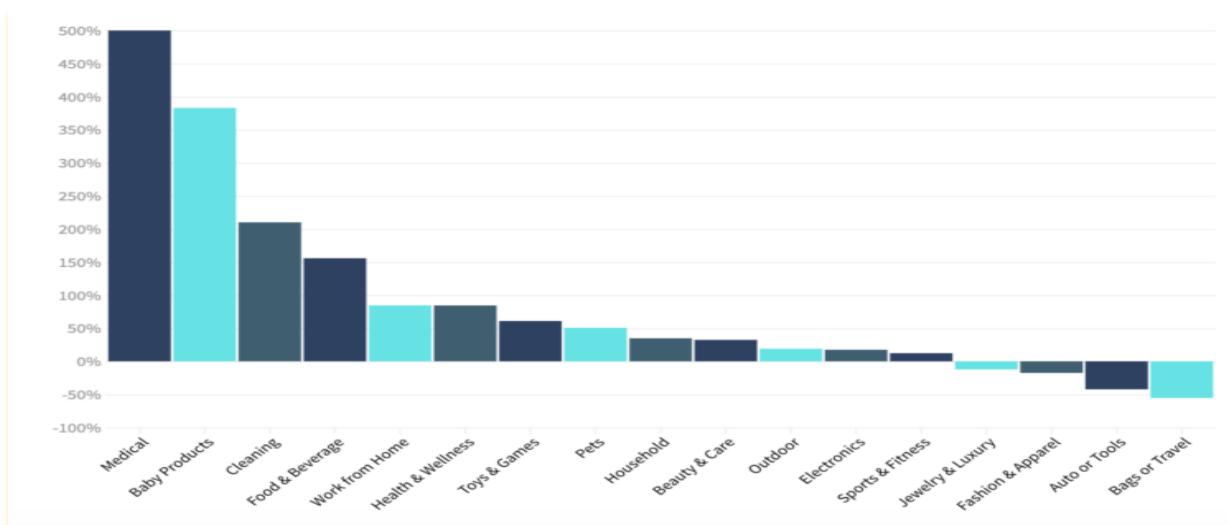
As the pandemic has reshaped life and also accelerated many trends – but the biggest of these trends is the trend in the ecommerce. According the report of IBM, the pandemic has accelerated consumer’s shift toward e-commerce by five years.

The top categories of goods benefits with this growth are alcohol, home furnishing and improvement materials, household items and household groceries but at the same time the apparel and clothing are seeing the significant decline.

As the social distancing, avoiding crowded places and markets are the ways to protect the individual from the corona virus, they people in India naturally dropping off the brick-and-mortar shopping. This in turn has significantly increased the sales in the online environment. Some of the key categories that has significantly shown the increase in sales during pandemic are:

Grocery e-commerce: There is huge spike in grocery related ecommerce during pandemic. The purchasing of household items and grocery product has revealed the increase of more 200%. Online grocery has seen continued growth throughout the pandemic. People are avoiding going out and also wants to keeping the social distance therefore they are ordering the households items online. Also the demands of various household products have increased a lot. Utilizing this opportunity many new companies have stated offering the product in this domain such amazon starting amazon pantry for household product and groceries. Similarly JIO Mart offering competitive price for the customer to do online shopping of groceries. The online grocery shopping and delivery services have been growing rapidly where the outreach growth by Instacart, a pioneering grocery delivery app founded in 2012 has recorded 2.9 billion UDS in revenues in this pandemic year.

In addition to grocery items ecommerce consumer sales is witnessed in all other categories also that can be concluded through the chart



Graph 1: Percentage Increase in different categories on the online platform.

Though the pandemic has brought a surge in the sales on the online platform but it has also contributed in the shifting to different product categories during this COVID 19 pandemic:

1. Purchasing of preventive health and wellness products have increased a lot. The Online sales of medicines for common flu, cough and cold has increased by 198%. This has also prompted many offline medicinal suppliers to shift their focus on online ecommerce.
2. People during this pandemic have fear of lockdown and quarantine therefore stockpiling of groceries and other household essentials is done resulting in the shortage of items on the physical stores. This has also triggered people attitude to do online shopping of household items on different websites. The sales of non-perishable items, long shelf-life products have increased a lot during the pandemic on the online platform.
3. To avoid going out and doing shopping in crowded market, the new domain is also added in the online marketing i.e. BOIPS (Buy Online Pick Up In Stores) and many new business have been started on this line resulting in surge in e-commerce during pandemic.
4. Though there is overall increase in the e-commerce during pandemic. But the shopping of luxury items, fashion and apparels are seeing big losses.

So, the Pandemic has initiated the "Online Movement". With many businesses are closing their offline stores, it has become imperative for the customers and companies to move towards the online solutions. COVID 19 has hit hard on brick-and-mortar shops and e-commerce is acting as the savior in this tough time.

The success of e-commerce depends highly on the secure and successful implementation of digital transaction therefore it becomes imperative to study the impact of COVID-19 on the digital transactions.

IMPACT OF COVID 19 ON THE DIGITAL TRANSACTIONS

The ongoing spread of COVID 19 has become one of the biggest threat to the global economy and financial markets. There is a lot of economic disruptions due to the essential measures taken to control the outbreak of corona virus such as nationwide lockdowns, limiting the movement of people, maintaining social distancing etc. there is huge decline in the activity for business whether large or small. With economic growth severely hit during the pandemic, the digital payment sector is no different and following the same trajectory, at least for time. But with economic stability and online surge movement it has shown some improvements.

The digital payments market in India has witnessed a steady transformation since the 90's with the introduction of innovative technology. India is experiencing a growth trajectory in digital payments in last 10 years. But In the current COVID 19 pandemics, the digital payment sector has witnessed a decline of 30 % in the initial months of lockdowns primarily due to severe impact on business in few sectors such as travel, hospitality and retail sector.

As per the report published by KPMG:

"A considerable reason for decline in the digital payments was due to near standstill of businesses observed in transport, travel and leisure, accommodations and activities which contributes a lot in the digital transactions in India. The suspension of Indian Railways services also impacted the digital transactions as the railways considerably share the monthly UPI and IMPS transactions."

Closing of retail outlets and malls, which attracted the consumer spending cause further reduction in digital payments. The overall liquidity crises faced by customers and even the small- and large-scale business due to prevailing uncertainty has limited the consumer spending curtailing the digital transactions.

However, the post easing of the lockdown restrictions and significant growth in the e-commerce during the pandemic have initiated a regained growth in the digital transactions specially when the consumer is exploring the ecommerce avenues for purchasing good and services rather than going to brick and mortar stores.

The change in the consumer behavior to adopt to the e-commerce for the shopping of day-to-day essential items has emerged as most important factor to contribute in growth rate of digital transactions. The government of India is trying to educate and promote the digital transaction in this time as the pandemic has the capability to change the consumer mind-set thereby increasing the adaptability of digital transactions in India.

The Table 1 summaries impact of COVID-19 on different modes of payment

Payment Mode	Impact due to COVID-19
Cards	The pandemic has significantly increased the usage of cards as from health and safety point of view the customers are preferring the use of contactless cards for payments. The major sector that has contributed in the surge in cards transactions are Insurance, daily essentials shopping and education but at the same time sectors like travel and tourism, apparel and restaurants have shown decline in the transactions as the overall business in these sectors are very much affected.
Wallets	The growth in the online shopping, shift in consumer behaviour and habits, safe mode of payments have become some of the factors for the increase in the wallet payment even for the small transactions which were previously done through the cash.
QR Codes	The use of contactless mode of payment through the QR Code has also shown the growth owing to convenience, speed and safety factors. The purchase of daily essentials and grocery items have contributed a lot in this growth.
Payment Gateways	The more and more cards, wallets transactions have accelerated the use of different payment gateway for the purpose of processing digital transactions.

Table 1: Impact on different payment mode due to COVID-19

Though payment mode like cards, wallets and QR Code have shown significant increase in the pandemic but there are few digital payment mode that have the decline discussed in the Table 2

Payment Mode	Impact due to COVID 19
ATMs	The usage of ATMs have shown decline during the initial months of pandemic outbreak but with relaxation in the lockdown and restarting of different business have resulted in the increase in the ATMs transactions. But the fear of uncertainties, loss of jobs and pay cuts have overall reduced in the ATMs transactions.
Point of Sales	Due to the overall reduction in the business of different brick and mortar stores, malls outlets and other offline stores. The digital transaction done through point of sale terminals have declined.
Others	The digital transaction done through other card used for specific purposes like fast tags or toll cards have also shown the decline in the COVID-19 pandemic.

Table2: Payment Modes showing the negative impact due to COVID-19

Overall, the COVID-19 has overall resulted in the higher usage of digital payments modes than cash but it needs to strongly support by high security of digital transactions balanced with complete restart of economic activities.

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