

(IJ-8) Overview of E-Commerce Industry In Post Covid Era – Claspig The New Normal

Dr. Upasana Gupta Assistant Professor, Invertis University Email: Kanchan_upasana@yahoo.com
Ph: +919411469220

Dr. Naveen Kumar Assistant Professor, Gautam Buddha University Email: naveen@gbu.ac.in Ph:
+919560366668

Abstract

There has been a drastic change in the income levels of customers during lockdown period that caused a significant change in the spending pattern and shopping preference of consumers. The 'new normal' has changed the way consumers spend money. They are trying to avoid visiting crowded markets and preferring online shopping to take care of social distancing and prevent and control the spread of the virus. These norms of social distancing will now stay for a longer time than expected. Businesses will also change the way they function even after the pandemic gets over. Companies are reanalyzing their work policies and trying to find innovative methods such as changing the traditional supply chain to digital supply chain, using drones for contact-less delivery and using various online payment methods. Businesses now focus more on the employee and customer well-being. Many e-commerce companies have been redesigning their systems to adopt digital and electronic network. Some of the e-retailers are also finding opportunities to collaborate with local physical stores and in this way totally changing the landscape of e-commerce. The present research explores the scope of e-commerce businesses (from consumption point of view) in India during post COVID times with the implementation of COVID norms. The study also discusses the impact of COVID-19 on consumer behavior and buying patterns. The findings of the study indicate that the consumer markets are going to see a surge in the sales of essential goods whereas nonessentials and luxury items may experience a decline in sales during FY2021. Also, the COVID norms of social distancing may cause a significant increase in the no. of internet shoppers. This indicates huge opportunity for e- retailers, simultaneously they are facing challenges in meeting with shortage of goods and providing contactless speedy delivery services. Introduction Over the

last few decades, online shopping has seen a upshift in India due to the rapid development of new information technologies and increasing adoption and usage of internet by customers. But during the pandemic, online shopping has seen an enormous growth all over the world during new normal due to its features which were earlier considered as a challenge for the industry such as lack of face-to-face interaction and touch. COVID-19 has created a substantial effect on Indian as well as global economies. Also, the long-term impact of pandemic will be difficult to judge. Due to the high population density in India, the possibility of spreading the pandemic and causing risk to the health of people and economy has been very high. However, Government of India has been doing continuous efforts to mitigate the risks and therefore, has announced the social distancing measures and restriction on movement of people and goods. GOI has also restricted certain economic activities such as reduced strength in Gyms, Cinema Halls and swimming pools and also asked people to take more precautions. During such a scenario, the e-commerce sector has been constructive in terms of sales value. Consumers have switched from shops, supermarkets, and shopping malls to online portals for the purchase of products, ranging from basic commodities to branded goods. It is also because of the driving forces of new technological business models and increased penetration of ecommerce players in the online space According to Gopal Pillai, Vice President for Seller Services at Amazon India, “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”. According to IBEF, the market opportunities for online commerce in India are expected to touch \$200 billion by 2026 from \$30 billion in 2017. The report also states that the Indian e-commerce industry is expected to overtake its US counterpart to become the second-largest market for e-commerce in the world by 2034. This gives a strong base to believe that e-commerce in India is going to further rise in post COVID era.

Research Objectives

This research tries to explore the impact of COVID-19 on e-commerce sector specifically. The study discusses the impact of the pandemic on e-commerce from a business facet, along with changing consumer behavior and buying patterns.

Literature Review

According to a report by Mckinsey & Co., a 12 percent drop in private consumption is anticipated in the United States over the next two years, and the consumption of non-essential goods has declined to a significant extent. There will be surge in e-commerce activity, people will prefer trusted brands, discretionary spending will decline, people will buy in large quantities and reduce shopping frequency. retailers expect e-commerce to remain stronger than before the COVID-19 outbreak. According to a report 'COVID-19 and E-Commerce: A Global Review' by UNCTAD and eTrade, E-commerce has great potential for diversifying the scope and geographic reach of trading opportunities for developing countries and expanding the range of both established businesses and new enterprises. It also plays an increasingly important role in the supply and distribution of both goods and services in domestic markets. However, in India, there are many barriers to the growth of e-commerce such as poor infrastructure, finance, resources and governance. Also due to COVID, there are restrictions on movement and other interventions to protect public health that have reduced economic activity in most sectors and affected production, distribution and consumption. During this COVID crisis, growth in the market share of trade and retail taken by e-commerce has seen growth, particularly in domestic markets where movement restrictions and consumer anxieties about social interaction have encouraged use of online shopping. As well as goods, substantial increases have been seen in online conferencing, gaming and entertainment. More people, in short, have been using electronic commerce more often. Businesses with an established online presence have been better equipped to take advantage of this, along with traditional businesses that have been sufficiently agile and had sufficient resources to upgrade their online marketing and sales. Communications networks have largely held up during the pandemic, but there have been considerable difficulties related to trade and transport logistics, especially for international transactions. as the pandemic has evolved

during the year, the e-commerce businesses have taken the opportunity to compensate for disruption to traditional trading arrangements. The consultancy McKinsey, for example, reports that cross-border e-commerce volumes picked up from the second quarter of 2020, as economies adjusted to pandemic realities and initial logistical challenges were addressed. UPS and PayPal, it reports, both reported substantial growth in the second quarter on cross-border shipment volumes and values. Assessing the extent to which this has continued and its implications for the future require further data from diverse commercial environments. The following facts prove that the online businesses have been observing growth at a faster rate during and post COVID times-

- Transition to homeworking by office workers has been facilitated by videoconferencing applications such as Skype, Zoom and Microsoft Teams. Zoom experienced the most spectacular growth among these platforms, with daily meeting participants surging from 10 million in December 2019 to 300 million by April.
- enrolment in education courses, music and video streaming services went up by 68, 59 and 26 per cent respectively between 2018 and the second quarter of 2020 (As per the survey data from Brazil). • Survey data from South Africa show growth across all areas of home media consumption, with the highest growth rates for social media eTrade for all 39 and messaging services, YouTube videos and news coverage.
- Netflix predicts a 15 per cent increase on the African continent between the first and third quarters of 2020 (from a very low base of streaming adoption at the start of the pandemic).
- The ITU reports a 400 per cent growth in online gaming in the United States, probably influenced by children being out of school

The pandemic has also had a substantial impact on retail, including a significant transfer of market share from offline to online businesses. National lockdowns, restrictions on movement, public anxiety about infection and mandatory closures of non-essential retail stores have had a marked

impact on patterns of consumer behaviour, encouraging online shopping at the expense of traditional retail across the world. Simultaneously, e-commerce companies are also facing challenges to meet the shortages and on-time delivery. E-commerce companies are adopting hyperlocal strategy to offer the last mile delivery service through partnering with online delivery collectors to provide goods and services.

Research Methodology

A comprehensive range of published works in the field of online retail industry especially in India have been reviewed to analyze the factors behind increase in growth of the industry and challenges posed by the pandemic in e-commerce industry.

Research Findings

The following are some of the findings of the study.

1. Changes in Consumer's Buying Behavior and strategies of e-retailers

During the pandemic, panic shopping was at its peak. People started shopping for things in panic, greater numbers, frequency, and volume. As people were trapped indoors during the nationwide lockdown, they have spent time shopping online. People switched to online shopping due to the safety and convenience of online shopping. Due to this, e-retailers had to scale up their delivery capabilities without compromising on hygiene. In response to this, even small industries and independent stores started online ordering for the first time. The virus has also urged the older generation to join the bandwagon. This behavior shift will continue to persist in the older generation who embraced the delivery models and seamless online shopping experience.

2. Preference to Local Products

The pandemic has brought people back to their local level. Today, more and more people are leaning towards local sourcing that has directly impacted the local economy and community in a good way.

Speaking about online shopping giants, they have also grown and gained significant shares owing to their vast product selection and smooth delivery methods. They have always been in the picture due to their wide product selection, discounts, convenient hours, and more. However, local shops also gained markets and benefited their customers when online shopping was at a halt due to the nationwide lockdown.

3. Increased preference to trusted and hygienic brands

Consumers have continued to raise awareness of personal hygiene and the desire for safety in everyday life. This factor has affected their buying habits. Today, consumers prefer reading the labels more closely, including the ingredients before consuming or using anything.

4. Preference to Reliable products

People prefer buying things that are reliable and long-lasting over time. Such products develop into strong brands and are hard to displace. There's a shift towards products and services that 'work every time' so that consumers don't have to worry. Our customer needs peace of mind and reliability to produce strong brand affinity.

5. Price-consciousness

COVID-19 has badly hit the economy of both rich and poor. You may witness many people trying to decrease their consumption, increase family savings, delay investments and major purchases to manage their savings. This has given rise to a new segment of consumers who're cautious while spending and minimizing their expenditure.

6. Social media engagement

Social Media Usage during the lockdown period has increased to a significant extent. Some of the statistics are given below-

- 22% of US adults said that they are more interested in shopping via social media as

compared to the last year. (Salesforce)

- Instagram witnessed a 70% increase in live viewing in the early days of the pandemic. (Kantar's Covid-19 Barometer Report)
- Facebook, Instagram, and Whatsapp usage spiked to 40% since COVID-19. (Kantar)

According to Global Web Index research, millennials are the largest media consumption, where 58% of people spend time on social media. People are more into uploading videos on various social media platforms. This paves the way for younger generations using videos. Marketers are looking forward to preparing high production value to make their videos engaging and reduce retention.

7. Contact-less purchase

Shoppers will choose shops that provide contactless payments and deliver instantly via your phone. The 2020 shopper is someone who wants to avoid carrying their wallets everywhere. According to an IBM study, about 40% of consumers prefer contactless payment while moving forward. Online retail giant Amazon has taken the definition of 'contactless' shopping to a whole different level with drone product delivery. Today, every consumer demands their favorite companies to take a step up and meet their ever-changing needs during this global crisis. To make this possible, every online retailer should be ready to handle any inquiries or complaints across multiple communication channels.

Conclusion

The current pandemic, coupled with the disruption of livelihood and businesses, will give rise to a 'new normal'. This will lead to transformation of the value chain and operating models. The new normal is expected to be in the form of acceleration of digital transformation, spending on essentials, and reduced spending on discretionary goods. The focus would be spending more on medical and health care, and home-based entertainment, and less on lifestyle spending (such as alcohol and other luxury spending). Use of automation will significantly rise to minimise human contact in office

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spaces, warehouses, and retail and hospitality establishments. Companies are looking at innovating ways and using technological platforms to address the challenges posed by the pandemic. Personalised marketing and personalised shopping experience are the new normal with reduced mass marketing and campaigns. The pandemic is expected to lead to greater reliance on 'Make in India' and less on imports. Local mom and pop stores are venturing into digital platforms and expanding their reach. They are collaborating with delivery aggregators to provide last mile delivery solutions. E-commerce companies use AI to gather real-time shopping data and provide recommendations based on customers' shopping journey. Social commerce is expected to grow extensively to enhance the outreach and promote product and services. Companies are looking for innovating ways to provide contact-less and automated delivery, which is expected to be the emerging trend in the near future. The government also works on enhancing e-commerce activities in the country by promoting online shopping in the form of easing of FDI norms, providing tax reforms, and simplifying tax structures for the ease of doing business. The formulation of the e-commerce policy will play a key role in the uptake of ecommerce activities in India.

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