

A STUDY ON IMPACT OF COVID-19 ON E-COMMERCE

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Abstract

This study will focus on reviewing the current positive and negative impacts on online shopping and shopping in retail stores and predict the future of shopping after COVID-19, listing the differences, challenges, benefits, and risks of both online and offline shopping.

The brief discusses how the Covid-19 crisis is accelerating an expansion of e-commerce towards new firms, customers and types of products, likely involving along-term shift of ecommerce transactions from luxury goods and services to everyday necessities. It also highlights how policy makers can leverage the potential of digital transformation in retail and related areas to support business adaptation and to enhance social distancing, while ensuring that no one is left behind.

Keywords: E-Commerce, Covid-19, Future Scope, Online & Offline, Impact.

Introduction

The spread of COVID-19 infections has led to substantial changes in consumption patterns. While demand for services that involve face-to-face contact has decreased sharply, online consumption of goods and services, such as through e-commerce, is increasing. The aim of this paper is to investigate whether online consumption will continue to increase even after COVID-19 subsides. Online consumption requires upfront costs, which have been regarded as one of the factors inhibiting the diffusion of online consumption. However, if many consumers made such upfront investments due to the pandemic, they would have no reason to return to offline consumption after the pandemic has ended. We examine whether this was actually the case using credit card transaction data. Our main findings are as follows. First, the main group responsible for the increase in online consumption are consumers who were already familiar with it before the pandemic. These consumers increased the share of online

spending in their overall spending. Second, some consumers that had never used the internet for purchases before started to do so due to COVID-19. However, the fraction of consumers making this switch was not very different from the trend before the crisis.

Objectives of the Study

- To understand the evolution of E-Commerce.
- To describe the conceptual framework of E-Commerce in India.
- To analyse the present trends of E-Commerce in India.
- To examine the barriers of E-Commerce in India.
- To predict future of E-commerce.

Future scope of E-Commerce

Since the onset of the COVID-19 pandemic, consumers across the globe have been heavily reliant on e-commerce to purchase everything from essential goods to holiday gifts. Combined with widespread stay-at-home orders and concerns over the virus, the pandemic accelerated the adoption of e-commerce by consumers and businesses seemingly overnight.

Leapfrogging e-commerce has impacted the supply chain.

The pandemic's forcing function meant change happened fast. There were no alternatives—contactless shopping or moving online happened virtually overnight just to keep businesses open. It wasn't a strategy. It was survival. Usually, these types of decisions are done over time with careful planning and transition periods, but adopting e-commerce so fast meant that many had to bypass the usual steps in expanding their business and trying new channels. Consumer behaviour is here to stay. With all of the impacts and changes to consumer behaviour during the pandemic, when our society is eventually able to return to normality and storefronts begin to gain back confidence, how much of a correction will we see in consumer behaviour? It might be too soon to tell for certain, but it's likely that the changes brought on by the widespread use of e-commerce during the pandemic will shape the fabric of consumer behaviour for years to come. Many of the behaviours that consumers have adopted during the pandemic were already taking shape in recent years.

Review of Literature

Bhatti et al. (2020) examine that e-commerce grew due to coronavirus. E-commerce is becoming a substitute source and considered top in this condition and consumers bought in superstore traditionally. Coronavirus impact

on whole e-commerce. Meanwhile, we want to comprehend their efficiency to stability both cost and benefits as well as connected actions in the coming upcoming.

Tran and L.L.T. (2020) study adopted uses and gratifications theory to base the conceptual model while adding a boundary condition of pandemic fear. The primary research method of this study is a quantitative survey and analysis. Using a sample size of 617 online consumers with PLS analytical technique. This study finds a positive moderating effect of pandemic fear on the relationships among PEEP, economic benefits, and sustainable consumption.

Hasanat et al. (2020) the key purpose of this research is to determine the impact of coronavirus on the online business Malaysia. The results illustrated that as the maximum of the products from China and the maximum of industries are lockdown which means that there are no import and export of the product. Therefore, it is assumed that this deadly virus will severely impact the Malaysian online business especially Chinese products.

Pantelimon et al. (2020) study consist of two parts, the first one analyses the impact of mobile commerce's growth on the Gross Domestic Product for both a West European country-Germany and an East European country-Romania from 2014 to 2019. The analysis aims to understand mobile commerce's importance in the pre-COVID-19 era, in the context of stable economies. The second part studies the general consumer behaviour towards classic commerce and electronic commerce in the context of COVID-19 pandemic state. In this regard, we analyzed data for January-April 2020 and studied the main changes for the countries which were either early affected by the pandemic, severely affected, or both.

M. A. Salem and K. Md Nor, the study empirically assessed the factors that affect consumers 'intention to adopt e-commerce during Coronavirus Disease 2019 (COVID-19) in Saudi Arabia. The 10 factors examined in this study are perceived usefulness (PU), perceived ease of use (PEOU), subjective norms (SN), perceived behavioural control (PBC), perceived lack of alternatives, perceived risk, perceived punishable infractions, risk-taking propensity, perceived external pressure, and government support. Data were collected online among social media users by employing the snowball sampling technique. A total of 190 valid responses were obtained. The data analysis showed that PU, risk-taking propensity, PBC, perceived lack of alternatives, and government support significantly influenced consumers 'intention to adopt ecommerce during the COVID-19 outbreak in Saudi Arabia. Meanwhile, PEOU, SN, perceived external pressure, perceived risk, and perceived punishable infractions exerted an insignificant effect on consumers 'intention to adopt e-commerce.

Impact of covid-19 on E-commerce

Positive Impact of COVID-19 on e-Commerce

Wide Product Variety: The usage of E Commerce has been increasing rapidly for the past 20 years. In the global marketplace with an almost endless choice of brands and products to choose from, consumers are not limited by the availability of specific products in their local town, city or country. The width and depth of product sold through online traffic are unbeatable.

Lower Prices: This is one of the biggest e-commerce advantage. Online prices are typically lower than traditional store prices as less staff is required to manage an online shop that unable owners to automate inventory management. E Commerce sites are able to offer more discounts that are easier to claim.

Convenient and Safe: online shopping is extremely more convenient and gives more control to consumers. In this COVID-19 pandemic people can do shopping from their bedroom, without heaping out, wait in lines and all challenges that go along with consumerism.

Accessibility: consumers can assess E Commerce services 24 hours a day. They can place order, browse products and avail online services whenever they wish just by a touch of a button. Even people living in remote areas can easily do shopping from their home. “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.

Saves Time: 63% of consumers start their shopping journey online. As it provides massive time savings to the consumers in this busy life. No need to shop in stores, wait in lines and then come back home as you can buy product range at lower prices from the comfort of home.

Negative Impact of COVID-19 on e-Commerce

6%: ecommerce revenue decreased during lockdown: There were questions about Covid-19. It seems that most ecommerce companies saw their online revenue increase during the global lockdown in the spring of 2020. According to the survey, 90% of companies saw their online sales increase at least a bit, with 50 percent of respondents claiming it grew by over 100 percent. But still, 6 percent say their ecommerce revenue decreased during the lockdown. After the lockdown was over, many consumers started shopping at brick-and-mortar retailers again. Still, 86 percent of respondents say their online revenues increased and only 4 percent say it decreased.

Increased Competition: Increased usage of online traffic due to COVID-19, E Commerce platform is filled with competitive businesses. It is very important to do a thorough analysis of your competitors to get a better

understanding of the market realities. If you are not as compatible as your competitors then you can't survive in market for a long run.

Profiling Fraudulent Users: Online shopping tools helps in recognizing fraudulent users across different platform. This also create hurdles in working of online Commerce in this panic age. It is challenging time for E Commerce due to COVID-19.

Impacts on parcel delivery: The majority of the respondents state that the COVID-19 situation has caused delays for parcel delivery operators, with 4 respondents qualifying the delays as "severe". Furthermore, 5 respondents report that parcel delivery operators have resorted to asking consumers to pick up their orders from designated pick-up spots. While some respondents state that the parcel delivery delays during the second lockdown were less severe than the ones during the first one, others report that due to the combined effects of strict lockdown measures, a shift in consumer behavior towards online shopping and the increased demand around the Christmas period, parcel delivery operators had to open extra pick-up points to manage the increased flow of parcels.

Corona's Impact on Digitalization

Rapid digitalization occurred as a result of social distancing. Due to the outbreak of Covid-19, businesses had to find innovative solutions to deliver their services online. Companies had to adapt to the new way of operating in a short time period. Employees had to set up their home offices and started communicating remotely (Papagiannidis, Harris and Morton, 2020).

Baig et al. (2020) highlights that institutions adopted digital technologies five years faster than usual. Due to the pandemic, institutions had to undergo a digital transformation of their business practices within eight weeks (Baig et al. 2020). As an example, supermarkets had to change their entire business model from brick-and mortar grocery selling to online grocery stores with a delivery service. As a result, existing online stores which, for instance, offer groceries, gained more popularity during the lockdown. Consumers were unable to go to the grocery stores due to their country's lockdown restrictions or their fear of contagion (Sheth 2020).

The rapid wave of digitalization did not only apply to businesses. Nearly all sectors had to switch to a remote alternative to be able to follow their pre-pandemic schedules. Schools may have been closed, but students still had their classes according to the same schedule online (Iivari, Sharma and Venta-Olkkonen, 2020). However, digitalization has been in process even before the pandemic. The digitalization of the retail industry is a well-known phenomenon. Nowadays, consumers strongly favor retail stores that have an online store due to the availability of information such as stock levels and prices (Maenpaa & Korhonen, 2015). A retail store's digital transformation primarily shows advantages for a business rather than drawbacks.

Consequently, a delayed adoption of digital services may have a drastic outcome for specific industries.

Findings

- The COVID-19 crisis also highlights the complementarity between online and offline effect of sales channels.
- The COVID-19 crisis on e-commerce is not uniform across product categories or sellers.
- The increase in the share of online purchases in credit card transactions was highest for users.
- The pandemic a large number of consumers made the upfront investment necessary to switch to online consumption.
- A company that has an e-commerce model is able to provide more goods and services to the customers. Also, the customers are able to compare the products at different e-commerce sites and then make a decision.

Conclusion

The COVID-19 has affected many people around the globe and disrupted their lives for two years now. And there will be after-effects of the same when all of these things are over. But one thing we can do is to help each other out during this pandemic. Small businesses are the worst affected by the spread of COVID- 19. But you can take the necessary steps to lessen the blow on your business. Being transparent, optimistic. and positive will help your e-commerce business and the people around you.

The COVID-19 forced shops around the world to shut for months and recently reopen under strict now guidelines. The time in lockdown has caused an e-commerce whom, with the pandemic accelerating the shift away from physical stores by roughly five years. While department stores are expected to decline by over 60%, e-commerce was expected to grow by nearly 20% in 2020. The pandemic has also helped refine which categories of goods consumers feel are essential, the study found. Clothing, for example, declined in importance as more home improvement materials, accelerated, by 12%, 16%, and 14%, respectively. Amazon, naturally, has also benefited from the shift to digital with its recent record quarterly profit and 40% sales growth. The growth in e-commerce due to the pandemic has set a high bar for what's now considered baseline growth.

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