

IMPACT OF COVID-19 ON E –COMMERCE

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Abstract:

E-commerce is the most considered and preferred way of purchasing all sorts of products and services by the consumers all over world now days. Convenient yet reasonable with lot of variety to choose from all over the world at fingertips is the reason why E-commerce is growing by lips and bounds. But due to covid-19 pandemic E-commerce business are facing challenges of unexpected forms which never existed before. There is certain change in Demand and buying behavior of consumer all of a sudden. Lockdowns and restriction posed by the government in order to control covid-19 spread resulted into nightmare for E-commerce business. This paper tries to throw light on those impacts.

Key words: E- commerce, Covid19, pandemic, Challenges.

Introduction:

Covid-19 Pandemic – also known as corona virus pandemic a pneumonia of unknown cause in Wuhan province of China was reported to WHO country office on 31st December 2019 , on 30th January 2020 WHO announced an outbreak of public health emergency of international concern. And on 11th February 2020 WHO announced a name COVID-19 for the new corona virus disease .Corona virus disease (Covid -19) is a very infectious disease most of patient who are getting infected are showing different symptoms in different patients. Some are having symptoms of fever, tiredness, dry cough, runny nose, congestion, sore throat. Aches and pains. Some are asymptomatic; Recovery is seen in almost 83% of patients. About 17 % death has occurred as on date. Deaths are occurring in those which are having low immunity due to varied reasons. In some are due to old age, some are having preexisting chronic illness like cancer, heart disease lungs and kidney disease. As on date 7th may, 4,62,8281 corona cases found out of that 308,654 deaths occurred, 17,59701 cases has recovered.covid-19 has affected about 213 countries n territories around the world.

E-Commerce Business - E-commerce business is taking place when buyer and seller conduct their business transactions with the help of internet. Any anything can be buy or sale by anybody with the help of technology. The term electronic commerce or e-commerce refers to any sort of business transaction that involves the transfer of information through the internet. E-commerce businesses are of following major types like 1) Business-to-Business (B2B) 2) Business-to-Consumer (B2C) 3) Business-to-Government (B2G) 4) Consumer-to-Consumer (C2C) 5) Mobile Commerce (M-Commerce). E-commerce market was going strong due to technological advances and the people were exploring and shopping. E-commerce industry was growing at brisk rate. Countries like India, China, US, UK, Russia, and Europe were the major contributors in growth of E-commerce along with the rest of world.

Covid -19 Global impact on economy with emphasis on E-commerce:-

The world has never witnessed global health crises of this intensity, one that is killing people and spreading human sufferings causing economic and social crisis. Covid-19 pandemic outbreak has affected all segments of population right from the rich to the poor, from prime minister to layman. Covid-19 has pressed the panic button not only in terms of increasing death tolls all over the world but has its impact on population all over the world in terms of health concerns ,stock market falls, job concerns, social concerns and its day to day life routines.

The first quarter of 2020 started with Covid-19 and unrest which may lead to situation of war between US and Iran which showed signs of trends of world economy tilting towards downfall. Global equity market saw steep downfall ever since great depression. Crude oil price entered negative territory for the first time on 20th April due to less demand and abundance of availability. No relief yet Covid-19 pandemic causing lockdowns, shutting downs of business, unemployment's, slow economic growth and inflation. According to estimates the global economic growth could cut by 2% per month if this situation keeps aggravating. And trade across globe drop by 12% to 32%. UN conference on trade and development

states that Covid-19 can cost the global economy close to 2 trillion or more dollars and if economic restrictions are extended without fiscal response. Covid-19 pandemic has disturbed the supply chain and international trade with more than 100 countries closing their national border due to which all forms of businesses are halted. Its impact is seen almost on each sectors but heavily on automobile, tourism industry, aviation, electronic, IT sector and so on. E-commerce industry is also one on victims of covid-19 as its activities are hampered.

COVID-19 impact to the online sector is more in terms of volumes along with the concerns and anxiety regarding spread of virus. The immergence and prevalence of COVID-19 has significantly transformed consumer buying behavior from the luxury to the basic needs, from leisure to survival stuff. This certain shift in online buying behavior is for the Essential products which are needed most in this lockdown, restrictions and period of uncertainty.

Changes in Revenue across Ecommerce - ecommerce sales are not higher across the board, although some industries are seeing significant step-up. Only essential segment of E-commerce products are one who escaped from this storm, as there was tremendous rise in their sale in lockdown period in those countries where they were allowed to sale.

The pandemic has defined a new category of goods called “new essentials.” New essentials are products which help consumers to feel more comfortable in lockdowns and restriction along with work from home conditions. Apart from grocery this includes Health & hygiene, wellness product, office supplies, fitness equipment, cosmetics, home improvement, toys, and hobby-related products.

Health & hygiene and wellness product - like covid-19 protection gears like mask, sanitizers, self hygiene products, baby products, floor cleaners. Health and safety products are the most bought and will be in demand due to covid 19, there sales is more than production. According to data from Nielsen, items like hygienic and medical mask sales are up by more than 300%; Personal Care saw a 120-130 per cent increase in GMV, largely driven by the sale of sanitizers and hygiene products

Grocery – amongst the most sold product are grocery. Panic buying was seen in initial lockdowns people started buying and piling of pantry product and also for the products which are not available near their neighboring shops was ordered. Sale of essential product will be in demand till this pandemic is over. Grocery saw a steep increase of 110-115 per cent in GMV.

Pharmaceutical product- buying of medicine which can help to prevent corona virus like immunity boosters, some anticipatory medicines, and wellness product are more in demand in online purchase, Medicine which are consumed by chronic sufferers like blood pressure, diabetes, asthma, allergies and so on are among the bulk purchase. And increase of massive 817% of rise in purchase (according to Adobes analysis-Blogs).

Subscription services – also saw gain in trends, in both revenue and conversion. Streaming services like Amazon, Netflix, and Disney+ are witnessing addition in subscribers in the first quarter of 2020.

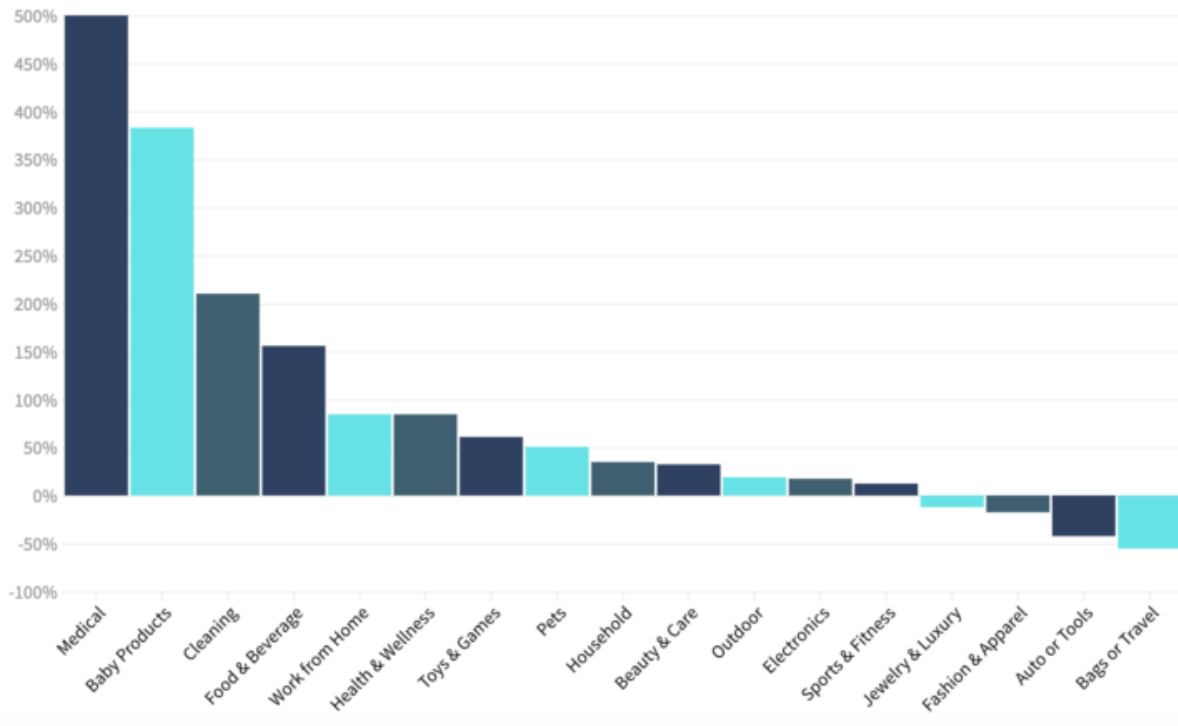
Netflix has gained 15.8m new subscribers during first quarter of 2020, more than double its original 7m target for the period, according to the Financial Times. Out of that from Europe, Middle East, and Africa region 7 million subscriptions originated. While 3.6m came from Asia. As a result, revenues have risen by 28% in the first quarter compared to the same time in 2019, reaching \$5.77bn which is slightly higher than the forecasted \$5.4bn expected by the company.

TikTok – a social media video sharing app – saw a downloads surge in first quarter of 2020, Downloads of TikTok surged by 315m in Q1 2020, making it the most downloaded app ever in any three-month time period, according to analysis from Sensor Tower.

Following chart shows how essential things related to lockdown were ordered in countries where consumer were able to purchase online

Ecommerce Consumer Sales (COVID-19) +28.48%

Aggregated via ShipBob, ShipHero, Attentive, Stackline, CTC, Klaviyo & Adobe



Covid-19 pandemic impact on some E-commerce giants is as follows –

In E-commerce market china is biggest player having volume of 1.94 trillion USD in 2019. More than three times the size of the US market, E-commerce player like Tmall China (Alibaba Group), JD.Com, Kaola by Net Ease (This cross-border ecommerce player) Xiao Hong Shu (RED), “Little Red Book. Despite the Corona virus outbreak, these numbers are expected to grow in 2020.

JD.com sales seen four times rise in daily needs of household thing as compared to last year sales and according to survey by Engine states that online sale has increased up to 10-30% **Alibaba** - E-commerce service provider has struggled to sustain growth rates during an economic slowdown, Still Alibaba dot com has manage to receive orders of medical supplies from many countries more than \$2 billion.

Impact on Amazon – according to most valuable business in universe its international sales, which accounts for all its businesses outside US including India posted an 18% growth to \$ 19.1 billion in the first quarter, while losses more than quadrupled to \$398 million compared to the earlier profit period. And according to company executives in Covid-19 pandemic overall sales has shown growth with revenue rising 26% to \$75.5 billion, but profit has come down to \$2.5 billion which was \$3.6 billion in the same quarter last year. According to Chief Financial Officer (CFO) Brian Olsavsky Amazon has seen the biggest impact of the COVID-19 spread on its business internationally in India, said during its first quarter earnings. In united states of America there is rise in E-commerce earning by 40% according to Listrak reports since they declared a state of emergency. US companies like Amazon, Walmart, Instacart have seen rush of online order due to Covid-19 pandemic has stated in US.

Impact on Indian E-commerce -Indian E-commerce companies struggled to do their

Online sales due to the lockdown that started from 24th march until May 3rd completely halted their operations as warehouses were closed and forced delivery fleets to stay at home to prevent the spread of the contagious virus. E-grocers including Big Basket and Grofers, and e-commerce firms Amazon and Flipkart, along with B2B platforms Jumbotail and Udaan stopped deliveries as they are facing operational issues resulted due to manufacturing stoppage, and movement of goods and labour issues.

According to E-commerce firms there was complete stoppage of goods transport to warehouses authorities forced warehouses to shutdown since the third phase of lockdowns E-commerce Indian companies has started gaining some movement in their online sales. And since the third phase of lockdown started orders from orange and green zones are coming. E-commerce companies can see once again rush of orders online even for other product which are from non essential commodity. This comes after these companies started accepting orders for non-essential products in amid the nationwide lockdown.

Flipkart, **snapdeal** and other e-commerce giant Snapdeal is reportedly prioritizing delivery of household goods and essentials.

According to a report E-commerce company snapdeal has received 75% of its orders green and orange zone. In third phase of lockdown.flipcart Senior Vice-President Anil Goteti also said that there is certain surge in demand for product like laptops, mobiles, air conditioners and coolers. Bigbasket – according to vipul parikh co founder of bigbasket they have seen uptick in orders up to 20-30% compared to last month. And it's picking up the pace.

Travel and leisure – perhaps the biggest economic loser in India would be travel and tourism industry The major OTAs MakeMy Trip and Yatra have seen their price decline 50 percent last month.

Aviation industry, financial, and automobile related all E-commerce activities are most affected due to pandemic. According to CEO of fashion house in India says that sentiments are so poor who will buy fashion category? When people are worried about

Covid-19 pandemic is reason why Indian e-commerce sector lost US\$400 million in a week according to an estimate and road ahead the number of losses is expected to grow to US\$1 billion due to lockdown all over nation. The Indian economy has almost loss over 32,000 crore (US\$4.5 billion) every day during the first 21-days of complete lockdown. 53% of businesses in the country will be reasonably affected due to pandemic.

Conclusion –

The Impacts of COVID-19 (corona virus) pandemic is going to affect human beings for long time. The COVID-19 pandemic has made it clear that e-commerce can be an important tool/solution for consumers in times of crisis. Sales of E-commerce firm are not consistent across the board. Industry was expected to do business worth \$6trillion in 2020. But it seems too far now. Due to lockdowns and restrictions with factories close down and supply chain issues transactions are not happening. Supply of essentials is on, where as roadmap ahead is not clear at all. Impact can known with the answers of following questions which only time can answer

How long covid 19 pandemic lasts?

- ✚ How many and how much countries it causes damage more?
- ✚ What depth of loss it causes to overall economy of individual country?
- ✚ What kind of measures will be adopted by all countries in term of fiscal policies and monetary policies?
- ✚ What will to consumer's economical condition post covid -19?

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