



# Effect of Covid-19 on the E-Commerce Industry

Dr. Neetu Anand\*, Abhinav Menon\*\*

**Abstract:** *The life of every person and different businesses have come to a halt since the pandemic has started. Each country's economy has been hit severely due to the disruptions caused in the supply and demand chain and covid imposed restrictions. Each person is trying to change with these trying times and adapt to the new lifestyle choices caused by the pandemic while taking all the measures to remain safe.*

*This research paper aims to focus on the E-Commerce businesses which are struggling during this pandemic and on those businesses which are also benefiting the most from this pandemic and have become the new staple of consumers. The paper will also talk about how consumer behaviour has changed pre and post covid and how these businesses are trying to adapt to these changes.*

## 1. INTRODUCTION

The purchasing and selling of goods or different services with the internet as a facilitator and the transfer of money to complete the purchase is known as E-Commerce. The different types of businesses that comprise in **E-Commerce** are :-

1. **Business to Government (B2G)**
2. **Mobile Commerce (M-Commerce)**
3. **Business to Business (B2B)**
4. **Consumer to Consumer (C2C)**
5. **Business to Consumer (B2G)**

The mindset of customers in India has always been a mix of the traditional and novel way of purchasing items. Before the pandemic, the products that people bought online varied depending on what they were purchasing. People preferred to buy things like furniture, medicines, electronics etc from physical stores because they felt a sense of satisfaction when they can check and hold the item themselves before buying it, but Covid has severely disrupted this because its main way to spread is through human contact so even the purchase of these kind of products has majorly now shifted towards online marketplaces.

E-Commerce businesses are seeing their best quarterly results with record sales as the consumer base has increased exponentially due to covid restrictions. As movement has been

restricted and curfews have been put in place, people have no choice but to order their day to day groceries from apps such as Grofers, Big Basket etc. This has led to the much needed trust creation which India has been lacking as many consumers in India had a traditional mindset of going to stores and buying items hand to hand.

But the new normal has become a threat to kirana stores or physical stores as a study has noted that it takes an average of 66 days for a person to form a new habit and many consumers have been shopping for supplies from the past 6 months or more, so it is a great possibility that post-covid many kirana stores might permanently see a drop in their customers and sales. Due to this period of uncertainty, expensive purchases made by consumers has reduced as the majority of people are facing a cash crunch and people are holding onto their money in case their family members or themselves get affected by Covid-19, so the most difficult task of many companies has been to successfully navigate their way out of this pandemic and to come up with ideas to lure customers into purchasing items.

Major E-Commerce players are thriving in this lockdown due to the large influx of customers and they have come up with new ideas to grow their businesses. For example, ITC and Reliance (**Jio Mart**) have incorporated kirana stores into their websites because of their distribution network. India still has a large untapped market in rural areas and the only way to make progress in these areas is by using the distribution networks of kirana stores which these businesses have strategically analyzed and used them to their benefit and the kirana stores are also benefiting from these strategies as they are able to sell their inventories which was not possible before.

## 2. OBJECTIVES OF THE STUDY

1. Analyze the behaviour of consumers in India pre and post Covid-19.
2. To predict the trend of consumers after the disruption of traditional commerce due to Covid-19.

\*Assistant Professor, Department of Computer Application, Maharaja Surajmal Institute, Affiliated to Guru Gobind Singh Indraprastha University, neetuanand@msijanakupuri.com

\*\*Student, Bachelor of Computer Applications, Maharaja Surajmal Institute, Department of Computer Application

### 3. LITERATURE REVIEW

According to moneycontrol, between April-November 2020, spending on essential and non-essential items have changed. From 35%, the share of spending on non-essential items has dropped to 15% in April and since April it has varied between 15-35 percent.

Groceries, sanitizers, gloves, masks and dairy products etc. are in extremely high demand and people buying it online are facing issues like late delivery or shortage of stock due to their low supply as the industry is not being able to cope up with the supply-demand mismatch. Currently, deliveries are taking upto 4-5 days to reach people as many orders have piled up and everything is going slow but people don't have any choice as the pandemic has worsened and people are trying to have minimal contact with anyone.

According to India Infoline News, coronavirus has deeply affected the supply chains, upcoming and established businesses and has put many businesses on the verge of shutting down. Most sectors which include automobile, travel, construction etc have faced losses due to reduced consumer spending and movement restrictions. The IT sector on the other hand has greatly benefitted from this pandemic as most companies had their employees work from home and clients also became greatly dependent on these IT firms to get their work done.

Indian E-commerce has been on the verge of a revolution and Covid-19 paved the way for it. With an exponential increase in shoppers, low data prices and sizeable investments done by companies to ease and improve the experience of customers it is expected that in the next five years, the E-Retail market will see nearly 300-350 million users shopping on online websites taking the Gross Merchandise Value to about 120\$ billion.

A report published by Economic Times, a survey led by Bain and Co. of nearly 3000 households indicated that there was an increase of 40% in online shopping. They identified six elements that were crucial in winning the majority of market share in an online marketplace, these are :-

1. **Merchandising** - Companies need to redesign their products to better poise themselves for online needs. For example, many FMCGs have taken up initiatives to reduce their carbon footprint and have reduced the use of plastic in their packaging to make it more cost- efficient to ship these products.
2. **Ready Supply Chains** - Trust and customer satisfaction are the two major factors which help in retaining customers for a company. A highly flexible supply chain with no disruptions is extremely necessary as customers appreciate a speedy delivery of items during this time

3. **Digital Marketing** - As most people have been staying at home due to the pandemic, usage of phones has increased and with it the use of social apps such as Instagram, Twitter, Facebook etc has also increased. Companies should use this opportunity to personalize their products using advertisements, social media posts and sponsored listings.

4. **Higher Online Conversion** - Conversion rate is the number of visitors who complete their desired purchase after visiting a website. Companies can improve their conversion rates by optimising the three important things that every website must have: **pricing, visibility of the site and the display page which shows the product.**

5. **Digital Execution** - A market leader is differentiated by its ability to adapt to the changing times. A customer service which rapidly responds to customer reviews, prices should be tweaked from time to time and they should keep refreshing their content to add freshness to the website.

6. **E - Commerce Backend** - A website is only good as its backend, so the backend must be well coded and robust. Online businesses become successful only if they identify the customers priority accurately, so, the data analysing and data decision making systems should be well optimised.

Unicommerce is a SaaS startup which has helped in bringing relief to many online sellers. By focusing on the digital revolution and use of omni channels for delivery etc. customer buying experience has been greatly improved. As India is home to many languages, E-commerce sites are looking to penetrate more into different areas by enabling support of different languages so that accessibility improves and audiences of different segments can be easily targeted. (Peerzada.2020)

According to a Study by Deloitte, below is a graphical representation of the changes experienced by consumers in shopping before the pandemic and currently during it :

### 4. OBSERVATIONS

It has become very clear that the pandemic has altered the behaviour of consumers and businesses alike to a great extent. The first priority of consumers has become to keep themselves safe from Covid-19 and to take appropriate measures for that. During the start of the pandemic, like any other industry, the E-Commerce industry also took a big hit and lost a lot of business but it has caught up quickly and adapted to the changed lifestyle choices and behaviour of consumers with innovative ways to improve customer experience and customer retention.

Below listed are some observations made by various researchers and studies: -

1. Due to the large influx of demand and low supply, the start of the pandemic was difficult for E-Commerce companies to deal with.
2. Safety has become the number one priority for people, so, now consumers prefer online shopping rather than having direct contact with shopkeepers.
3. Allocation to essential items i.e household necessities has increased substantially in comparison to luxury items.
4. The demand for items related to office use has also increased as the majority of people are working from home and many companies have also started using work from home as a permanent alternative as it has shown to increase the efficiency of workers.

### 5. SUGGESTIONS

1. In this hour of need, companies should not think about maximizing their profits but should create ways to gain the trust of people, so that they become permanent online shoppers,
2. Efficient work is done in a specific environment and due to work from home restrictions, many employees become less efficient so incentives and ways to motivate the workforce should be the priority of companies.
3. To create a seamless experience from adding items to cart and checking out, payment options should not be limited to just credit/debit cards but more options such as UPI, EMI etc. should be added for better customer experience.
4. To meet with the pent up demand, a robust supply chain model is must for deliveries and other verticals.
5. Companies should invest in equipment that improves the safety of its labour force so that there is no disruption in the supply side and late deliveries are avoided.

### 6. CONCLUSION

It has been a long time since India has been waiting for its E-Commerce revolution and this pandemic has only accelerated the growth of the E-Commerce Industry in India. The new behaviour of consumers induced by Covid-19 might not be permanent and many people might go back to the old way of purchasing goods and services but as E-Commerce firms have so graciously adapted and come up with ideas to tackle this behaviour change, it will not be a surprise if they manage to keep the upward trend of contactless purchases and deliveries.

The after-effects of Covid are going to be there for a long time and the major task of all these businesses is to successfully navigate through it and become market leaders or to at least win a sizable portion of the market while providing an excellent experience to the customers and keeping their needs above everything.

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