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BUSINESS ADMINISTRATION

MANAGEMENT INFORMATION SYSTEM

EMS 302

In not less than 1500 words, explain the impact of the pandemic COVID-19 on E-commerce.

There’s no doubt that the crisis caused by the global Corona virus (COVID-19) pandemic has created an incredibly difficult business climate. Businesses are being presented with many new challenges as international borders close, bricks-and-mortar businesses shut their doors, and people are told to isolate at home. Many companies face temporary or even permanent shut down, with staff facing months of financial uncertainty and worry. The Corona virus has caused the world to come to a standstill in every way possible, it has made the gap between the rich and the poor to grow wider. The disease has caused a strict restriction on human interaction and this has pushed basically all commercial activities online. Of course not every business can afford to make its business transactions across the internet but, the ones that can afford to are experiencing a great increase in sales.Consumer behaviour has been forced to immediately change on a massive scale. Those in isolation or under lockdown can’t perform their usual routines, especially since many local shops have been forced to close their doors for safety reasons. Concerns about the availability of products have encouraged panic buying of items in bulk. People started stocking up things like hand sanitizer, masks, toilet papers, and other household essentials. This is what we call panic buying. Due to the surge in consumer demands the online stores are also struggling to keep up with demand. As a result, the price of essential items have increased and become rampant. People are responding in different ways. In this uncertain and risky situation of which they have no control, people tend to buy and try whatever they can do to gain some control.

The global spread of COVID-19 has raised a lot of uncertainty and contradictory information that people are hearing from different sources and advice from multiple people. Panic buying is the result of the crowd mentality. Seeing other people buying up validates the decision to stock up goods. This has resulted in an increase of 52% year on year in online sales with an 8.8% increase in online shoppers. Some might think this as a blessing in disguise for online retailers. Financial uncertainty and the possibility of a severe and long-term recession have caused a change in consumer’s outlook.

Even though the outbreak of the novel coronavirus (COVID-19) pandemic has caused a severe disruption of businesses and services across the globe, eCommerce is no exception. And while businesses across China, Europe, and America stopped instantly, the impact of the pandemic on eCommerce is not so straightforward. COVID-19 is already impacting buyer behavior. This seems to reflect the changes in consumer behaviour as they switch from buying offline to buying online. They also show that as people are spending more time at home, brands have responded by shifting spend from offline media to online. [Research published by Business Insider Intelligence and eMarketer analysts](https://www.emarketer.com/content/the-biggest-business-impacts-of-the-coronavirus-pandemic-according-to-business-insider-intelligence) in March 2020, suggests that ecommerce is likely to grow as consumers avoid physical stores. Their data suggests that 74.6% of US internet users said they’d be likely to avoid shopping centres and malls if the coronavirus outbreak in the country worsens, and over half would avoid shops in general. As the world is reeling from the effects of the Coronavirus pandemic, user behaviour is being forced to change and shoppers are increasingly moving online. Ecommerce sites are in a position to be able to capitalise on this, but only if they are able to be found by customers in the first place. While tactics may need to be adapted to the new environment we find ourselves in, businesses should consider retaining investment in their analytics, online marketing and online content so that they can remain competitive and meet the needs of shoppers. In these uncertain times, there are still opportunities and while there are opportunities for the eCommerce, there seems to be a few more problems added to the list of things.

* According to a report by [Bloomberg](https://www.bloomberg.com/news/articles/2020-03-25/stuck-at-home-shoppers-aren-t-using-e-commerce-as-an-escape), about half of the retailers have witnessed a downward trend in their online traffic since mid-February. Also, [64.5%](https://commercenext.com/impact-of-covid-19-on-retail-and-ecommerce-survey-results/) of retailers have not witnessed shifts to their eCommerce stores post spread of COVID-19 virus in their country.
* Economies are battered by the closure of factories and the stoppage of production by the wide scale lockdown. It is not surprising then to see consumer sentiment turning pessimistic; consumer confidence in the economy for the next 12 months is bleak and is causing consumers to buy less – both in-store and online.
* Production and supply of goods have taken a hit amid fears of a spread of coronavirus, factory production has completely stopped, distribution channels are busy in supplying the essentials; and, governments have restricted movements. How can online stores under such circumstances source consumers’ demands? It is but natural as a result online stores too are closing.
* Experts have initially speculated that online sales will pick up when more people will be sitting at home. That has not happened. The truth is coronavirus has completely caught the imagination of the entire world’s population. The whole world is so much pre-occupied with Coronavirus news and updates that it hardly has time for anything else. In this hour of crisis, people are more focused on survival and as such taking more care of their family.
* The COVID-19 is a global pandemic and the situation is rapidly changing for consumers across the world. Shops, restaurants, bars, malls, and gyms in many major cities are shutting down. Meanwhile, many office workers are working remotely full time. People are isolating and this uncertainty is so huge that there are overnight changes to their shopping behaviors. From bulk-buying through online stores, people are now changing their buying habits and they’re now more careful about what they’re buying, when, and how.
* The highly contagious nature of the disease has instilled fear in the hearts of millions of people. People are avoiding not just meeting other people, but are also avoiding coming into contact with outside objects that may carry the infection into their homes. Online deliveries change many hands and the fear that the chain may itself be infected has alarmed many. This is one of the major reasons why people are ordering only essential items. This presents a somewhat mixed picture for the eCommerce sector.

However there is no need to be discouraged as there remain good sides to the situation.

* The eCommerce sector has witnessed a spurt in pharmaceutical product purchases due to coronavirus pandemic. With the closure of shops and malls, people have turned to online stores to get what is now known as virus protection gear. This includes items like masks, gloves and personal hygiene products like hand sanitizers, antibacterial sprays, etc. According to [Adobe Analytics](https://theblog.adobe.com/how-covid-19-is-impacting-online-shopping-behavior/), online stores have seen an increase of a whopping 817% in their purchases.
* Similarly, the sales of medicines have increased significantly post the outbreak. People are generally looking for medicines for cold, cough and flu, as expected, due to the virus’ fears. Online purchases of medicines have increased by at least 198% over the period. Online stores selling pharmaceutical products had a run for money during this period.
* Online grocery purchases, too, have picked up during this period. It is not surprising to see people ordering online to fill their pantry to meet the worst-case scenario. Non-perishable food items have seen a jump of 69% in their sales, whereas, shelf-stable items like oatmeal, rice and pasta sales grew by 58%.

COVID-19 has not only affected shopping patterns across the globe, but it has also changed consumer behavior. The picture becomes somewhat clear when we see that consumers have shifted their focus to meet their survival needs. They are focused on getting the essentials, which has dramatically brought down the demand for other products. It is difficult to predict at this stage how the future will unfold. It will not be wrong to say that with each passing day the situation has only worsened. And, it looks like we are in this for the long run. From what it seems like, 2020 is a bad year – bad for human health and bad for business (but probably good for the environment since less environmental damage is done). Even if the new COVID-19 cases begin to decline and the situation is brought under control, it is unlikely that businesses will come back to normal soon. It will take time for the authorities to ensure that we do not lapse back. As such, it seems like safety measures, travel guidelines, and meeting restrictions will not go soon. In the meantime, the losses will continue to accumulate.

In theory, online stores of all sizes stand to benefit from the switch of consumer behaviour to online shopping since they are already well-positioned to serve the increasing demand for goods and services.