EMS 302 ASSIGNMENT

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

* Businesses that bring products from outside the country (imports)one of the largest suppliers in the world have faced stock problems, leaving many of their own clients unattended. Drop shipping e-commerce businesses have also faced difficulties: since the products are shipped directly from China, the delivery from China. The delivery due date has also been affected.
* E-commerce as a platform has already seen exponential growth , especially in FMCG which saw spending through e-commerce channels in China grow almost seven times as fast as the sector overall in 2019; a trend that the coronavirus outbreak is likely to accelerate. E-commerce is likely to grow as consumers avoid physical stores. Their data suggest that 74.6% of US internet users said they’d be likely to avoid shopping centres and mails if the coronavirus outbreak in the country worsens, and over half would avoid shops in general.
* E-commerce is not a magic bullet in itself and has a dampening effect against any uplift in sales. There are also issues with supply chain and product delivery, with companies already starting to be clever without resolving them through innovation.
* 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. Sales of Medicines have increased, post the outbreak. People are generally looking for medicines for cold, cough and flu as expected due to the virus’ fears.
* Consumers’ confidence is on a down low now, because as authorities grapple with the onslaught of the virus, economies are battered by the closure of factories and the stoppage of production by wide scale lockdown; it is not surprising to see consumer sentiment pessimistic. Thus causing consumers to buy less – both in-store – and online.
* How can online stores under the government orders of restriction of movement allow various distribution channels to supply the essentials? Production and supply of goods have taken a hit amid affairs. E-commerce is becoming more and more neglected due to the pandemic.
* Experts believed that online sales would pick up when more people will be sitting at home and unfortunately, that is not the case. The whole world is so preoccupied with the coronavirus news that it hardly has time for anything else. In this hour of crisis, people are more focussed on survival and as such taking more care of their family.
* Online deliveries change many hands and the fear that the chain may itself be infect6ed has alarmed many. The highly contagious nature of the disease has instilled fear in the heart of millions of people. People are not also having fear of coming in contact with people, they also fear of coming in contact with the outside objects. This makes people to only order the essential items. So luxurious items that are not useful at the moment are not purchased, thus putting some high end stores at stake.
* As cities went on lockdown and social distancing became the new norm, consumers turned to online shopping to meet their daily needs. This 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.
* By and large the onset of the pandemic and ensuing lockdown has thrown the progression of online purchasing off balance because of restrictions of eligible items to essential and due to the limitations placed on physical movement directly impacting deliveries. The pandemic has created a shift in the way consumers behave and carry out their activities directly affecting the e-commerce industry. The e-commerce is being impacted on the supply as well as the demand side and while some companies are able to adapt and respond to changes, others are not able to because of the nature of limitations that have been imposed. On the other hand, there has been a decline in sales of fast moving consumer goods since the lockdown.
* Another major problem is the shortage of staffs which makes it difficult for companies to attend to orders. Online Supermarkets like Grofers and Bigbasket report that they only have access to 50% / 60% of the total staff respectively due to the pandemic and hence can only meet order deliveries at a reduced frequency which has put pressure on the availability of slots for consumers.
* Online food ordering and delivery platforms like Swiggy and Zomato have introduced contactless deliveries to allay heightened apprehensions related to the hygiene that exists right now.
* The E-commerce in various regions such as North America, Europe, Asia-Pacific and the rest of the world are impacted by the novel COVID-19 pandemic. Chinas greatest E-commerce service provider Ali Baba has struggled to sustain growth rates during an economic slowdown in its domestic market and faced with the uncertainty of the corona virus outbreak. A company like Amazon, made some heavy investments in one day shipping that aren’t compensating off quite yet. In 2019, Its net income fell by 26% and shipping costs rose by 46%. The coronavirus pandemic affects Amazons Profits throughout the first half of 2020. In the fashion sector, one UK-based fashion retailer’s branded search traffic dropped by approximately 40% after strict measures were introduced in mid-March to combat the COVID-19 virus. Online Businesses are finding it difficult to sell their products online and also facing tremendous issues while sourcing their products from China. China mainly deals with the machinery, equipment, instruments and communication related equipment. Any disruption in these sectors affects other countries businesses. Further, the lockdown has also obstructed the import and export facilities in countries.
* According to reports, the impact of covid-19 virus on e-commerce is interesting. As expected, internet usage spiked up by 50%. More people are giving thoughts to shopping online. As of April 7th, Grocery E-commerce was reported to have increased revenue by 56.36%. Even the E-commerce giant Amazon plans to hire 100,000 additional employees in the US and increase workers’ pay to respond to surging online orders. The report above confirms that in the middle of the pandemic, e-commerce businesses and delivery platforms need to double up. It has been observed that there is development in the total number of active users, news users and pays out during the second week. It was also anticipated by researchers that the proportion of active users in the online platform would be compared with the months of January and February. The majority of development of new and active audiences in online mobile applications is mainly on websites that offer food delivery services. Amazon has also reaped most of the benefit from this off-the-chart demand for online groceries. One research firm found out that Amazon was at the top choice for those buying groceries. Wall Mart is also benefitting from the online grocery surge. On April 5, the Wall Mart Grocery App reached the top ranking of for online shopping apps in the US, and surpassed Amazon by 20%, according to App Annie, an app intelligence firm.
* Moreover Demand for groceries has been increasing slightly in recent years, driving online price up by 4.6%. Plunging TV prices and wider 4k availability have boosted online purchase power over past years. As for the home and gardening prices have steadily been deflating, but they still rise in early summer as demand increases for outdoor furnishing.
* Meanwhile, consumers are experiencing out of stock pages as the supply chains are impacted. The products that receive higher demand due to the COVID19 impact from January to March include products like sanitizers, gloves, masks, anti-bacterial sprays. Toilet Paper online sales spiked by 231%, Non-perishable, canned goods and other shelf stable food sales increased by 87%, Over-the-counter drug purchases increased by 217% for cold, flu and pain relievers.
* With the coronavirus, the initial boost in sales had also come with challenges. Particularly in regards to trying to resell returned merchandise and finding workers to help process those returned items. This has caused pressures on retailers to keep up with inventories along with managing staff in the wake of mandatory stay at home orders.
* As viruses know no borders, the impacts will continue to spread. In fact 94 % of the fortune 1000 across the globe, and the businesses in Nigeria have been impacted and are already seeing COVID19 disruptions. For many organisations, effective cash flow management is likely to be critical during this period as revenues fall and potentially, debtors delay payments or become insolvent. It may be necessary to provide emergency funding to the most adversely affected subsidiaries in a group, and/to repatriate cash to centre in order to service external loans or group commitments. Corona Virus has made such a great impact both negatively and positively on e-commerce balanced out.