

THE IMPACT OF COVID-19 ON E-COMMERCE

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Annotation. COVID-19 pandemic has impacted virtually all aspects of our life. It is impossible to ignore the acceleration of e-commerce because consumers do the shopping online even too often. The main aim of this research is to understand how big the impact of Covid-19 on e-commerce is. Some changes in electronic commerce business and views of different respondents, who work in this field are given in this study.

Keywords. E-commerce, to increase, to decrease, Covid-19 pandemic, lockdown, retailer, profit, e-payment, digital marketing, customer, customer base.

2020 can be characterized as a challenging year for many people. It is impossible to ignore the acceleration of e-commerce because consumers did the shopping online even too often. As a result, brands were forced to change their strategies rapidly. Online shopping, using of social network, internet telephony and teleconferencing – all these things have been increased due to COVID-19 pandemic. This has led to a sharp increase in consumer-to-consumer (B2C) sales and increased business-to-business (B2B) e-commerce. Sales increases have become particularly noticeable in the sales segments of medical devices, household goods, household essentials and foodstuffs.

Most e-commerce companies had their online revenue increase during the global lockdown in the spring of 2020. According to the survey, most companies realized that they hadn't got a substantial increase on online sales, but half of the respondents claimed it had grown by over 100%. But some companies declaimed about a decrease in their revenue during the lockdown. After the end of lockdown, many consumers started shopping at offline retailers again. Now the percent of retailer's revenue fall down to 4%. Disrupted supply chains, poorly staffed customer service and other challenges have appeared in online sales sphere due to the whole COVID-19 situation. The online profit margin differs from previous years.

38 percent of e-commerce decision-makers noticed that their online profit margin had grown during the global lockdown, while the other companies characterized the situation stated about the same. And only 15 percent claimed about a decrease.

A number of workplaces suffered a lot from the pandemic. About a half of the companies had to relocate staff, the others (about 26 percent) had to fire some people and 15 percent had to reduce their employees' salaries. It can be amazing for some people, but a few percent of the companies managed to increase salaries. 21 percent of companies did not change their workforce at all.

Since the beginning of the COVID-19 Facebook and some other private websites have become the most growing sales channels. These companies use all varieties of channels to sell their good. Especially, social media have a successes using Facebook, Instagram, WhatsApp and a lot of others. More than half companies claimed that they had used their own e-commerce websites. Companies often apply phone channels, such as Viber or Telegram, and calls. The e-commerce business has used its own websites and Facebook sales channels more frequently.

A lot of new practices have appeared due to the fact that companies which provide brick-and-mortar goods need to run their business. About 31% introduced such services as in-store picking up and delivering ones. A lot of such retailers have been forced to close their offline stores. The online-store retailers have to change a lot in their business too. Some of the companies claimed that it had happened due to some circumstances. It is a well-known fact that some retailers have both online and offline stores. For 43% the situation is disappointing as their offline sales took a hit, but 16% managed to keep it at the same level. And 23 percent have increased their offline sales.

Different e-payment methods are on the rise, particularly through mobile money, although cash on delivery remains prominent. Most e-commerce businesses have tracked the trend of changes in payment methods since the beginning of the COVID-19. Many countries are strongly recommended to switch to digital payments in order to reduce possible contagion. However, cash is still preferable in delivering. But for more than 40 percent of the respondents it has remained to be the option since the outbreak of the pandemic, as consumers have chosen e-commerce. It could be profitable for expanding customer base, who might not have a bank card or access to some digital payment opportunities. On the same token, this is also associated a weak financial inclusion in a situation where preference should be given to the contactless transactions.

There are some changes in market strategies. Most of the companies concentrate their business on a digital part of it. Other companies have different points of view, and focus their business on offline trade with some changes in supply chains and logistics.

Taking into consideration financial consequences, the situation is not so bad as it could have been. Most companies claimed that 2020 was even successful. The biggest problem was the substantial decrease of trade in physical stores in comparison with the increase in e-commerce business.

In conclusion, we can say that 2020 was the one of the most successful years for digital market in general. Online part of business made a big step in its development. Any government needs to be ready for making investments in the sphere of e-commerce, because it can help bring international trade to a higher level. The COVID-19 pandemic has resulted in understanding the importance of e-commerce in different situations.

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