



COVID-19: BLESSING IN DISGUISE FOR E-COMMERCE

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Introduction

The impact of coronavirus pandemic on India has been largely disruptive in terms of economic activity as well as a loss of human lives. Almost all the sectors have been adversely affected as domestic demand and exports sharply plummeted with some notable exceptions where high growth was observed. This paper tries to focus on those sectors who gained positive returns from this pandemic

Objectives:

To study adversely affected sectors of Indian Economy.

To study positively affected sectors of Indian Economy.

Research Methodology:

The data is collected from secondary source i.e. business reports, finance magazines, articles and websites.

COVID-19 impact on various sectors of the Economy

The economic impact of COVID-19 is very disturbing. No one has been spared of its ill effects. Economies of about 100 plus countries have been destroyed out of which some of them have asked for monetary help from IMF. Businesses across the world namely hospitality, entertainment, aviation etc have seen a major negative impact.

AVIATION & TOURISM

The contribution of the Aviation Sector and Tourism to our GDP stands at about 2.4% and 9.2% respectively. The Tourism sector served approximately 43 million people in FY 18-19. Aviation and Tourism were the first industries that were hit significantly by the pandemic. These two industries have been dealing with severe cash flow issues since the start of the pandemic and are staring at a potential 38 million lay-offs, which translates to 70 per cent of the total workforce.

OIL & GAS

The complete lockdown across the country slowed down the demand of transport fuels (accounting for 2/3rd demand in oil & gas sector) as auto & industrial manufacturing declined and goods & passenger movement fell.

PHARMACEUTICALS

There has been a recent rise in the prices of raw materials imported from China due to the pandemic. Generic drugs are the most impacted due to heavy reliance on imports, disrupted supply-chain, and labour unavailability in the industry, caused by social distancing. Simultaneously, the pharmaceutical industry is struggling because of the government-imposed bans on the export of critical drugs, equipment, and PPE kits to ensure sufficient quantities for the country. The increasing demand for these drugs, coupled with hindered accessibility is making things harder.

DISRUPTION OF SUPPLY CHAIN AND GLOBAL TRADE



Covid-19 has disrupted global supply chains and this is generating spill over effects throughout different levels of supplier networks. Global trade in 2020 will fall in every region of the world, and will affect all sectors of the economy. This will impact countries that are strong exporters (no output for their local companies), but also those that are importers (lack of raw materials). The World Trade Organization (WTO) expects global trade to fall up to 32% this year due to the coronavirus pandemic.

OPPORTUNITY IN A CRISIS

The COVID-19 pandemic in 2020 changed the whole world and made everyone accustomed to a new normal. And, despite the crisis in various industries, e Commerce is now very much alive. People will never stop buying: food, clothes, entertainment etc.;

The worldwide spread of the COVID-19 pandemic has disrupted how people buy products and services and how they perceive e-commerce. The standardized lockdown rules across India and the growing hesitation among consumers to go outside and shop for essential goods have tilted the nation towards e-commerce.

Consumers have switched from shops, supermarkets, and shopping malls to online portals for the purchase of products, ranging from basic commodities to branded goods.

In the downside of things, lack of productivity during the nationwide lockdown resulted in the loss of jobs, pay cuts, and finances. Shutting down of shops and family-based businesses has made many people sway towards online retail to meet their financial requirements.

Since the norm of social distancing has been initiated for almost the entirety of 2020, the scope of online purchases and online businesses is expected to surge. Many people are embracing the concept of online retail and the surge in FTUs (First Time Users) on e-commerce sites is visible

COVID-19 has been exceptionally different from what we have ever witnessed. As the world was forced into complete shutdown, it's safe to say that e-commerce was the saving grace, helping millions of people stay home and procure what they wanted at their doorstep.

The pandemic is driving a significant share of the current e-commerce transactions through digital payments, preparing consumers for a permanent shift. As per industry experts, there will be consistency in the rise in e-commerce and digital payments. Due to this coronavirus, more people are embracing digital payments and according to experts, this trend is set to continue and grow. It is noteworthy that India's online retail recovered quickly after the nationwide lockdown and also witnessed a successful festive sales period ever.

The sector saw big upsides from new online shoppers, existing shoppers buying more food and grocery, and mature shoppers moving more of their spending to online platforms. However, companies are hopeful and expecting strong sales growth in 2021. Online grocery, e-pharmacy, and social commerce are the segments that are expected to see a bulk of the action in 2021.

Indian E-commerce to grow 84% in 4 years, helped by Covid-19 impact

The 2021 Global Payments Report by Worldpay FIS, a financial technology product and services provider, tracked trends in 41 countries to find that digital commerce accelerated during the pandemic. India's e-commerce industry will grow 84 per cent to \$111 billion by 2024 as it gains from demand created by the coronavirus pandemic's impact.

"E-Commerce capability is no longer limited to just traditional websites, and physical retail has blended with the digital



world. The shop floor is now in the palm of our hands and consumers expect the same hassle free and convenient shopping experience whether they are purchasing in app, through their social feeds or in the real world.

Business data platform Statista stated that the consumer retail segment is expected to see an increase in losses ranging from 3-23%, depending on the market. The report even included that the average retail e-commerce revenue per user in the nation was \$50 as of 2018, and is expected to go up till \$75 by 2024.

Pandemic Experience

“During the initials days of the nationwide lockdown imposed by the Central Government, e-commerce companies had a tough time ensuring timely deliveries. This had a negative impact on customer loyalty too. Consumers have embraced online ordering for goods, services, and food during the Covid-19 pandemic, and many are unlikely to revert to their old ways. Many late adopters are also discovering the benefits of the online experience for home delivery or in-store pickup options, and may not look back. Over the last 5 years, the Indian e-Commerce industry has witnessed has an upsurge and there is significant headroom for future growth too. This growth will be spurred by an increase in internet usage, smartphone penetration & the pandemic, and will propel the Gross Merchandise Value (GMV) of the Indian e-commerce industry to grow to \$100-120 billion at a CAGR of 30%.”

Several industry experts claim this pandemic to be a “blessing” as it bought a lot of positive impact on the e-commerce sector. “Though the initial few weeks of the lockdown were testing for e-commerce players, they were eventually able to emerge as winners. The pandemic brought a lot of positive impact on the e-commerce sector. Many e-commerce players have started assessing consumer preferences and have started aligning product categories and offer accordingly. In the long-term, being highly responsive towards consumer trends will be critical. Organizations have also started adapting their supply chain to ensure adequate supplies are on hand to meet demand along with a “buffer” stock of essential items. Approaches like drop-shipping are being explored for seamless delivery. Fulfilment and last-mile strategies are also being transformed. E-tailers are also working towards creating a frictionless digital experience for their customers with a focus on innovative and personalized customer engagement strategies.

Conclusion:

BEYOND COVID-19: THE NEW NORMAL

This “New Changed World Order” as we visualise it, more fresh air, clearer sky, cleaned rivers has changed the mindset of people. Either this change is permanent or not but as now made everyone realising the blessing in disguise. In view of the scale of disruption caused by the pandemic, it is evident that the current downturn is fundamentally different from recessions. The sudden shrinkage in demand & increased unemployment is going to alter the business landscape. Adopting new principles like ‘shift towards localization, cash conservation, supply chain resilience and innovation’ will help businesses in treading a new path in this uncertain environment.

Financial uncertainty among economies, business, staff and the outlook of a simple and long-term future recession that will set back to backdrop the economy for the long run. This will lead to a long-run impact on consumer shopping trends perception and preference behaviour.

References:

Global Payments Report by World pay

Media Reports, Press releases, Business Standard, Economic Times, LiveMint, Times Now, and Times of India.