

# Covid -19 impact on Retailing

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**Abstract:** The COVID-19 pandemic has continued to impact social, economic, and health parameters. The study aims to synthesize the challenges that retailers are facing during the COVID-19 emergency. The research is informative. Data are collected on the basis of secondary sources. This study will help retailers to develop strategies for their employees and to protect them and positive effect and issues of COVID 19 on Retailing. This paper aims to reflect on different issues and perspectives of online marketing due to COVID-19.

**Keywords:** COVID19, Retail, Online Market, Innovation.

## INTRODUCTION

The COVID-19 pandemic has continued to impact social, economic, and health parameters. Retail is one of the sectors most affected by COVID-19 in both positive and negative ways. Due to quarantine measures, retail customers have been opting for minimal human contact and moving towards online consumption. Due to the government's request for essential business continuity, retail businesses that handle food and daily necessities such as supermarkets, drugs stores, and convenience stores have remained in good condition. At the same time, store closures and sharp declines in discretionary consumer spending have crippled nonessential retail (other non-food, apparel, fashion, and luxury products). Many retailers have already had to make tough choices, including temporarily or permanently closing doors and more.

## REVIEW OF LITERATURE:

Srivastava & Bagale, 2019; Joseph, 2019, In India, a great majority of B2C e-commerce retailers, draw consumers to shop online by offering various exciting schemes such as discounts, free delivery, buy-one-get-one-free and exchange offers. Khare, 2016; Arpana, 2020, However, many Indian shoppers known to be cost-conscious and conservative as a part of their value system, are generally not attracted to making quick decisions based on promotions and advertisements. Moreover, online shoppers, many-a-times, come across problems concerning product delivery timelines and customer support services. Retail Economic Times of India, 2020; Staff, 2020, Customers' perception of risk toward online web sites is aggravated due to the inferior IT set-up used by several e-retailers, resulting in the hacking of personal information. Fernandez, 2020; Makridakis & Hartley, 2020). Fernandez (2020), the economy is expected to have reached 3.2 percent in 2020 (Fernandez, 2020), a couple of months or so more than other nations. For the US, GDP growth will decrease in the course of its 1.5-month containment strategy by 2.9 percent in 2020 (is projected that in the case of a moderate lockout (1.5 months), GDP growth in most countries will decline by between three and five percent by 2020. Fernandez, 2020), an additional two to 2.5% of global GDP growth occurs each month of the shutdown. The retail, hospitality, and touristic sectors will be especially affected (Dolnicar & Zare, 2020) and the hospitality and tourism industries. Deng et al., 2020, more jobs at risk will impact more service-driven markets (Fernandez, 2020). China suggests that the "return to normality" will be followed by a rapid uptick in demand due to market demands, but the turn-around can be confined to a very short-term effect restoring the usual rate of psychology.

## RESEARCH METHODOLOGY

Research methodology is the process of collecting data and analyzing for making decisions. It is a systematic and theoretical evolution of the techniques and principles applied to a field of study. The methodology could embody Publication research, interviews, surveys and different analysis techniques, and could include both present and historical information. This study is conducted based on secondary data sources. For the purpose of this study, secondary data has been collected from the research published by university graduates and articles, newspapers, journals, reports and various online knowledge portals.

## OBJECTIVES OF STUDY:

To know the impact of COVID 19 on sales.  
To know the positive and negative effect on COVID 19 on retailing.

## MAIN POINTS

- In 2020, total retail sales volumes fell by 1.9% compared with 2019, the largest annual fall on record.
- The impact on consumer retail sectors has varied with clothing and fuel volume sales seeing large falls of negative 21.5% and negative 22.2% respectively in 2020 and remains below pre-pandemic levels.
- Overall, online sales rose to a record high of 33.9% as a share of all retail spending.

➤ Card transaction data also suggests that during the second and third lockdowns, English online spending increased more in response to the fall in in-store spending than during the first lockdown.

**POSITIVE EFFECT OF COVID 19 ON RETAILING-**

**1. Increase the sale of daily necessities goods:-**

Due to the government's request for essential business continuity, retail businesses that handle food and daily necessities such as supermarkets, drugs stores, and convenience stores have remained in good condition as consumers wait in long lines at cash registers to buy products. Due to this, sale of those retailers who sell daily necessities goods increase.

**2. Boost of online market:-**

The another positive impact of COVID -19 on Retailing is that due to this the online market sales increase at a faster rate. Due to quarantine measures, retail customers have been opting for minimal human contact and moving towards online consumption patterns. Due to this, the online market retailers got much profit.

**3. Boost of production of pharmaceutical industry:-**

The positive effect of COVID-19 on Retailing is that due to the COVID-19 the Pharmaceutical industry was developed. As health professionals were figuring out how to treat the virus, pharmaceutical providers set out to investigate what existing drugs might help treat patients with COVID-19, potential new medicines to help mitigate the symptoms and long term effects and the production of a vaccine.

**4. Increase in innovation:-**

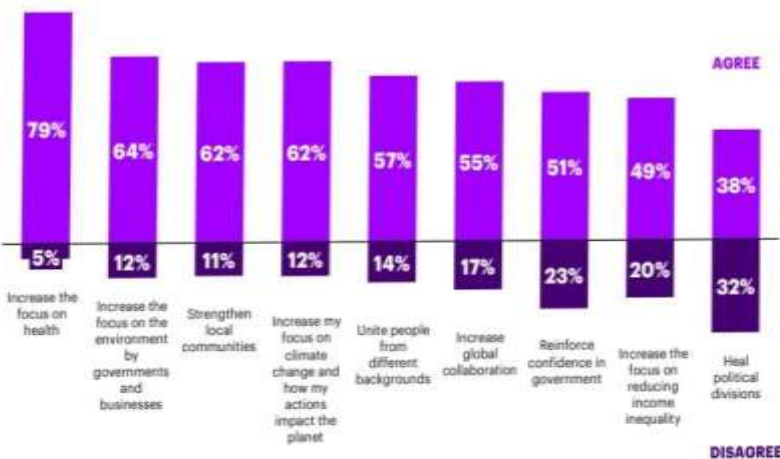
**Top list of retail websites by traffic**

Location: Global | Time range: March 2020



**The majority of people see potential positive outcomes from the crisis**

Proportion of consumers who think COVID-19 will have a lasting societal impact  
% who agree vs. % who disagree



Source: Accenture COVID-19 Consumer Research, conducted 5-11 May 2020

24

**Lasting personal and societal impacts**

The global pandemic is fundamentally changing the way we live our lives. It is giving us an opportunity to reflect on our values and priorities, and consider the behaviors and habits we want to retain into the future.

The majority of people agree that this crisis could potentially have a lasting and positive impact on society. An increased focus on health, the environment and local communities are some of the areas that could benefit as a result of this global event.

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Much of that innovation has taken place on the digital front. Chains that were once laggards in e-commerce worked feverishly to improve their platforms in a lockdown environment where e-commerce was the only game in town. Due to the covid, the many retailers find new method of production.

**ISSUES RELATED TO COVID-19 IN THE RETAILING SECTOR:-**

**• Requirement of changes in business process:-**

Due to COVID-19, In retail businesses, there is a requirement of changes in the business process like social distancing positions for customers and Vinyl curtains were also installed at cashier counters for protect employees. In addition, actions such as disinfection

of shopping carts and individual packaging of products to prevent infection have been added to everyday routines, which have added to employee fatigue.

- **Forced to work from home:-**

The retail industry has been severely affected since the government asked people to quarantine themselves, which greatly restricted face-to-face service in stores. Our lifestyles as consumers have also been forced to change dramatically. Staying at home and not going out to the store made online purchasing spread widely among those who had not used it before.

- **Steep decline in demand for non-essential goods and services:-**

During the pandemic during an economic recession, Indian retailers, especially non-essential products such as clothing and jewelry, were affected (income hit by 75% by the end of March 1). Many shops are either completely closed or still operating grocery stores. India's 40%-contributed retail sector was affected by COVID-19 .

- **Funding problems:-**

Around 85% of retail costs are fixed costs, which brings retailers under a range of financial stresses. The business faces significant funding problems that can lead to unemployment on a large scale. The industry's revenue were decline, whereas the fixed operating expenses stay unchanged.

- **Consumers to move towards online shopping:-**

As the second wave has become more contagious than the previous one and with lockdown imposed by the government, the retail sector has witnessed a change in consumer behavior and overall lifestyle. The fear of crowded places will drive more consumers to move towards online shopping and this will have an overall impact on the retail business.

- **Impact on small and medium enterprises and unorganized retailers-**

The Indian government's decision of locking down 1.3 billion people has pushed the country's domestic economy into a dark zone, severely impacting small and medium enterprises and unorganized retailers. Global financial institutions have changed the outlook of India's economic growth and lowered the country's GDP growth target post the corona virus outbreak.

- **Affected the supply, demand and daily operations of the retail sector-**

The mitigation measures aimed at slowing the coronavirus (COVID-19) pandemic taken over the past few months have directly affected the supply, demand and daily operations of the retail sector. The retail sector includes all resale activities of new and used goods (not including motor vehicles and motorcycles) mainly to the general public for personal or household consumption or use.

- **Long-term supply challenges:-**

Although the demand for products at physical stores is down, retailers have to think about dealing with supply issues. A lot of the regions of the world where most products are manufactured are still not back to business. This has led to a strong decline in the supply of different products that are still in demand with retailers having to think about managing the long lead times.

- **Keeping employees paid:-**

As with other business expenses, businesses are having a hard time paying their employees. The fall in demand for most products and services has led to dwindling cash flow and businesses have had to consider letting people go. Many retailers have also cut salaries in a bid to remain liquid, but no one knows how long that will last even as some sectors look like they are starting to recover.

- **Threats to luxury:-**

Covid-19 has had a major impact on the fashion industry. With many fashion retailers having to temporarily close their doors due to which many staffs lose their jobs. While some local fashion retailers had to shut their doors permanently as they were not hitting the set income sales target for each of their individual retail stores.

## **POST-COVID RETAIL INNOVATION TRENDS:-**

- **E-Commerce**

Due to pandemic, people shifted from store visits to ordering from home. This trend will likely continue post-COVID, as most customers realized its convenience while also minimizing their health concerns. Due to this pandemic, department stores are expected to decline by over 60%, and e-commerce is expected to grow by nearly 20% in 2020.

- **In-Store Digitization**

As countries are opening up, so are the stores and malls. However, the important thing to notice is how many customers will come back and how much time they are willing to spend in the stores. Hence, it is imperative for stores to make themselves digital-friendly, such as offering product information sharing, real-time inventory information, and customer loyalty management using fewer associates in coherence with their customers' omnichannel activities.

- **Touch less Experience**

The stigma of this pandemic has made customers realize they would prefer touch less interaction in a store to complete their buying process. Will see a lot more adoption of BOPIS (buy online, pick up in store) with curbside pickup, touch less payments, book appointments for pickup, etc. for years to come.

## **RECOMMENDATIONS-**

- **Establishment of a new business model that supports new-normal consumers:-**

The role of physical stores will become clearer. They will become a component of the consumer purchasing flow. With the limitations of conventional sales methods removed, it is necessary to imagine and design the big picture of the consumer purchasing flow line, including the purchasing flow in physical stores.

- **Creating stores that support new lifestyle patterns:-**

Along with this, it is required to create stores that support new lifestyle patterns. For example, when designing the new layout, flow lines which provide for and ensure social distancing between customers and measures to prevent droplet infection around cash registers must be considered. To take these kinds of measures, it is an urgent task for headquarters to visualize the current store situations and identify current issues.

➤ **Re-examination of business continuity plans with the involvement of business partners:-**  
 For retail companies, which require business continuity as a lifeline, product suppliers are the only true business partners. In the event of an emergency, a retail company must work closely with its suppliers to fulfill the role of delivering the products society needs.

➤ **To make constant efforts within the company to respond to the safety and security requirements:-**  
 In the stores, to replicate headquarters operations to facilitate remote work, and to involve business partners. Action should then be taken with respect to consumers. For this, there is a necessity to make constant efforts within the company to respond to the safety and security requirements.

➤ **Eliminating labor intensive practices and implementing smart work:-**  
 The another main recommendation for the development of retail sector that we should eliminate the labor-intensive practices and implement the smart work so that the production of retail sector will not suspend even in case of emergency.

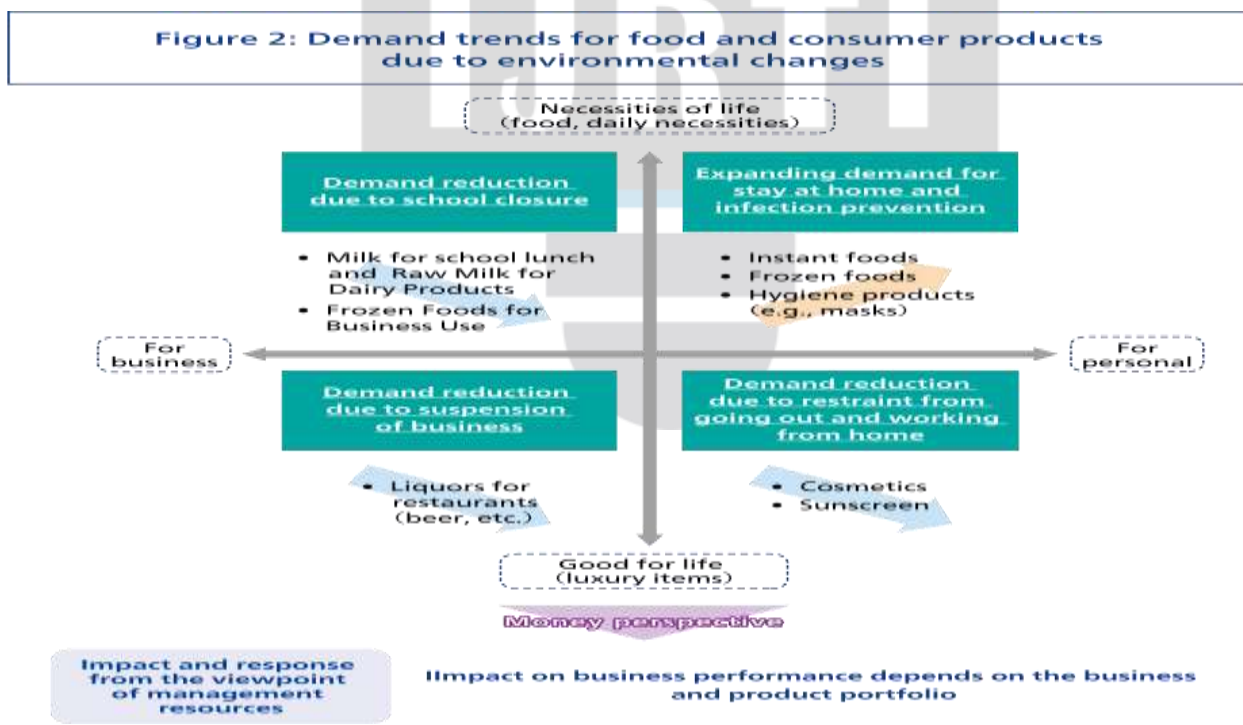
➤ **To help essential retailers deal with labor supply shortages:-**  
 Governments need to help essential retailers deal with labor supply shortages. Essential retail firms are experiencing both a spike in product demand and a drop in labor supply because of containment measures. Therefore it is necessary to help essential dealers who deal with labor shortage .

➤ **Support retail firms with the implementation of social distancing measures:-**  
 Governments should support retail firms with the implementation of social distancing measures intended to keep staff and clients safe. Measures include flexible opening hours and specific guidance on health and safety standards for sale and delivery. Government action can help smooth the productivity by reducing informational barriers and regulatory uncertainty, ensuring a steady supply of protective equipment and supporting the communication with customer.

- **Other Recommendations:-**
- Ensure that liquidity assistance schemes are accessible to retail firms, irrespective of their size.
  - Help essential retailers deal with labor supply shortages, in particular by smoothing demand-supply matching for retail jobs and providing guidance on health and safety standards.
  - Support retail firms to implement social distancing measures.
  - Ensure that competition in the sector remains sufficient in the aftermath of the crisis.
  - Increase retail firms’ resilience by diversifying their sales channels, in particular by helping small brick-and-mortar retailers go online.

**COVID-19 IMPACT ON RETAIL SECTOR-**

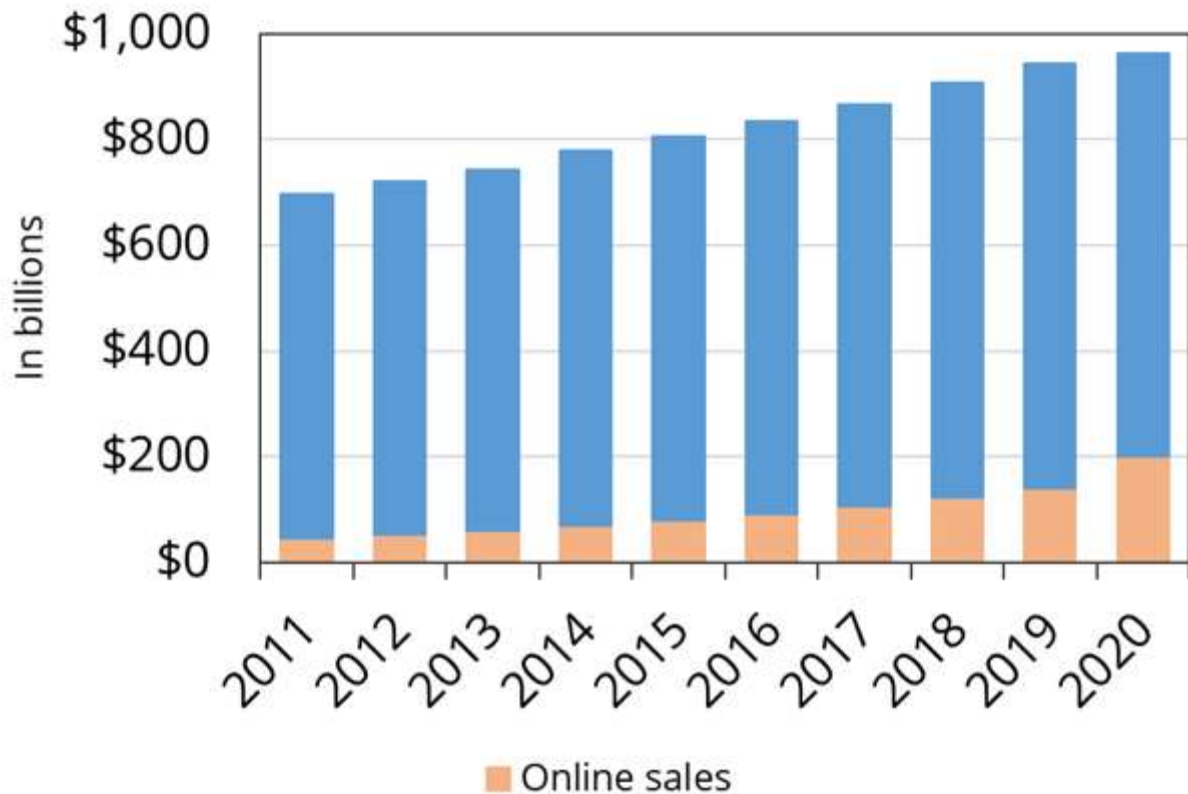
a) **Change in demand for essential versus non-essential retail goods:-**



: This reports the growth in searches for essential and non-essential retail items (normalized by the overall volume of searches), defined as the unweighted average of the growth rates of the relevant categories. Essential items include the following categories: “Consumer Electronics”, “Grocery & Food Retailers” and “Pharmacy”.

Non-essential items include the following categories: “Luxury Goods”, “Home Appliances”, “Home Furnishings”, “Luggage & Travel Accessories”, “Apparel” and “Gifts & Special Event Items”. Google searches are a rough proxy for demand, and should be interpreted with great care. In particular, the increase in searches for essential retail items may partly reflect a shift to online shopping for these items, rather than a pure increase in demand. These data have however the merit to be available for a large number of countries and to allow comparisons.

**b) Impact of COVID -19 on online sales:-**  
**The Impact of COVID-19 on Food and Other Retailers**



A shift to more online shopping across all industries and channels, including food retailing.

Brick-and-mortar retail locations shifting in use cases and experience.

Accelerated use of artificial intelligence (AI) and machine learning (ML) to increase efficiency of operations, in particular for stocking decisions.

**THE RISE OF PRIVATE LABELS AND HARD-DISCOUNT RETAILERS IN THE UNITED STATES.**

- We will address each of these in turn, with a focus on food retailing in particular.

**KEY AREAS WHERE RETAIL SECTOR SHOULD FOCUS:-**

• **Managing demand fluctuations:**

In 'red zone' markets where the virus is spreading, virtually every retail outlet - except grocery stores and pharmacies - has shut their doors. Even those markets not under quarantine orders have seen a precarious drop off in physical footfall in retail outlets and malls.

• **Shoring up the cash reserves**

Retailers should rethinking their current cash positions and trying to assess how they will continue to pay the bills should the downturn in demand continue for a prolonged period of time. In particular, retailers should be taking a close look at their current and predicted liquidity profile and assessing any changes in their working capital dynamics or short term cash forecasts.

• **Protecting the people**

The COVID-19 virus has already led to a number of workplace shut-downs and quarantines. Retailers must have a plan that ensures the safety of the employees while also trying to maintain business as usual activities. Beyond simply creating a crisis communications plan, retailers should be thinking about how they will manage their workforce under various different scenarios.

- **Thinking about the longer-term supply challenges:-**

While grocery retailers are trying to manage significant supply challenges due to consumer panic buying and resulting stock-outs, most non-food retailers are not yet feeling the full impact of supply disruptions; drops in demand coupled with long lead-times and inventory warehousing means that short-term supply is generally not a problem.

- **Talking to customers:-**

Retailers should also be thinking about the impact these massive changes will have on the customer and the customer relationship. How will you maintain trust in your brand and your products and services? How will you reset expectations for today?

### **CONCLUSION**

The study shows the connection between the online shopping behaviors stimulated by the pandemic, the different retailer strategies to overcome the restrictions, and how digital technologies can serve as a bridge between the two. Initially, retailers need to take into consideration that the pandemic has stimulated consumers' orientation towards technology adoption therefore, they need to deliver offers based on user-friendly digital tools according to different targets. Moreover, retailers need to adapt their business model to the changed attitudes and habits of consumers. Although some of the companies managed to operate through social commerce that is marketing by using e-commerce and social media. Finally, the Covid-19 pandemic showed the importance of being digitally connected from both consumers' and businesses' side. Therefore, government can learn from this critical situation to develop strategies to implement digital infrastructures.

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