

CHALLENGES AND OPPORTUNITIES FOR ONLINE BUSINESS DURING THE TIME OF PANDEMIC

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Abstract :

The Covid-19 pandemic has affected the world economy as well as the way the businesses are run in different countries. Restriction of movement of people and goods, nationwide lockdowns and social distancing norms have resulted in a new normal in conduction of business. The businesses that up to now were dependent on a wide network of physical stores displaying and selling their goods as well as door to door selling activities, public exhibitions were jolted by the pandemic as they were suddenly unable to use any of these mediums of marketing and selling.

All this has compelled the businesses to look at the other alternative which was till now available but not so popular, especially in developing countries, E- retail shops or online shopping business. Hence, online business which was just looked upon as a way to save time and physical efforts of consumers has now become imperative for the businesses worldwide for sustaining their sales and consumer base.

All this comes with its fair share of challenges that the businesses, especially medium and small ones would have to face going forward with online business.

Objectives of the study:

Following are the objectives of the study:

1. To study the benefits of Online Business during the time of Covid-19 Pandemic.
2. To study the challenges faced by the business firms in conducting online business.

Introduction:

E-Business or Online Business for marketing, displaying and selling of goods over the internet has been existent for a considerable period now. Many large-scale business companies as well as new start ups have taken their business to the internet in order to attract the younger demographic in their respective countries. Young people being more techno savvy as well as time constrained have shown more inclination towards online

shopping of goods such as clothes, footwear, ornaments and such other consumer goods. Till recently, online business was seen by the business firms as an additional way of marketing their products as well as connecting to their consumer base for issues such as customer complaints, product suggestions etc. Most of the business firms continued to depend upon the traditional way of expansion of their physical retail outlets in order to reach out to more and more customers across their country and even abroad. Hence, the amount of investment made in setting up these outlets along with hiring sales staff for the same had been steadily increasing over the years. People too, preferred to go to these stores and shopping malls to purchase various goods of their choice, as they could actually see and feel the product before buying it, the human touch as it is referred to. This was something that could not be done online.

In this scenario, the success of online firms such as Amazon, Flip cart, Quickr encouraged some of the firms to go online in a big way. Still, the traditional way of business was given more prominence, especially in developing countries. Also, people were apprehensive of using online services as they were weary of the various online frauds that were prevalent. This kept a lot of people, especially the older population away from online shopping. Even the business firms were not able to whole-heartedly embrace the online business as it required a great paradigm shift in their operations, organizational structure as well as the mentality of their employees. Then the Covid-19 Pandemic hit the world like a brick in the head, changing the whole social and business scenario in almost all countries. Most of the national governments imposed nationwide lockdown along with a series of restrictions on the movement of people as well as goods. Social distancing norms, night curfews, travel bans became the new normal of life. All shops were shut indefinitely except those selling essential commodities. Even these shops were to be operated with minimal staff and for a limited time during the day. People found it difficult to go out to shop even for daily necessities such as vegetables, milk, fruits and even medicines without the fear of being infected by the deadly virus. Restaurants sported a deserted look as no one could come in to dine. Same could be said about the service providers such as barbers, coaching classes for students, gymnasiums. All this led to business firms, both big and small as well the consumers to go online. Online order of food items, groceries as well as medicines suddenly increased across the world. Other service providers too, started offering online bookings for their services which were then provided by home visit by following proper covid norms.

This paradigm shift opened up new avenues for the business firms where they could observe the benefits of online business. At the same time, this rise in online business

during the pandemic also made them increasingly aware of the challenges that this medium poses to their operations.

Benefits of Online Business during the Pandemic

A. Benefits to Business firms

1. Convenience of doing business:

Selling a firm's products through an E-Commerce platform offers a convenient shopping experience for its customers. Convenience was once a walk or quick drive to a local store. However, it did require time and energy. Convenience is now achieved through a click of a button and from the comfort of your couch.

Having an online shopping platform provides the purest form of convenience for a firm's customers. The customers will be able to access all the products through your website easily! They can learn about the products, compare prices, and make secure purchases from the comfort of their home. As the online store is also open 24/7, meaning people can buy when they want to.

Even with the present threat to public safety, people are still ready to explore and want to spend money. Many people are also shopping online to help fight boredom. The current climate presents the perfect opportunity, especially if the business is considered non-essential. Offering E-Commerce shopping opportunities means that consumers can still access the company products in a super convenient way and fulfill their shopping needs.

2. Expansion of Market Size

If any business operates typically in a brick and mortar, i.e. a physical store, it has already limited its market potential. The majority of the firm's customers are likely from the same area as the business. Hence, unless a company sells a highly specialized product, people aren't likely going to make a special trip to its physical store. Having an E-Commerce platform will increase the potential market size with minimal effort.

When people search for the types of products that a company sells, it increases the chance of them finding that company's website. The company is now no longer limited to a particular geographical location, but could be selling its products all over the world. By optimizing its website, the firm can easily have it ranking high on the Google results page. Using E-Commerce can help a business grow its potential market from a few thousand to a million, which is why having it available to consumers is so important, especially with COVID-19 and the current business climate.

3. Better perception of consumer behavior

Another benefit of having an E-Commerce platform is that it is highly traceable. All businesses, whether big or small can benefit from understanding their customers better. When consumers visit the company's website, they provide a wealth of information. This information is useful in a variety of ways that can help the firm provide a better shopping experience for its customers. The knowledge of how potential consumers interact with your website can help you develop new strategies and identify new business opportunities. There are many different things that a company should be focusing on. When it comes to understanding consumer behavior, it focuses on:

- Key factors that can help in customer segmentation
- Interaction patterns of customer with the company website
- How consumers reached the company site
- The preferences of its customers and where they are visiting most
- What customers are using to access the site (mobile vs. desktop)

By understanding the motives of its customers, a business firm can position its E-Commerce platform to suit their needs better. With COVID-19 drastically changing normal consumer behavior, this is an important time for the firms to understand their customers. Companies will also be able to create new marketing strategies to target customers more appropriately. Knowing your customers will help you provide them with a great shopping experience, and they will be likely to shop again and spread a good word of mouth about you to their near and dear ones.

4. Reduction in variable costs

Running traditional brick & mortar stores carry a lot of variable expenses. Costs related to staffing, maintenance, and utilities can increase quickly. The risks associated with COVID-19 means many businesses have closed their doors due to high risk of infection as well as lack of business. Many, however, are still operating out of their traditional locations with extended measures to abide by COVID regulations. Doing this requires staff and an abundance of other expenses. With the current business environment, many businesses are no longer generating the same income as before. Making less money means that necessary operating expenses become harder to pay. This is why we are seeing so many businesses finding it difficult to stay afloat today.

Using E-Commerce, however, can help lower variable operating costs. Without needing

as many staff to operate and minimizing work happening inside the store means that expenses will decrease. Any revenue generated can go towards more important expenses. Operating on an E-Commerce platform also helps lower advertising expenses that a company could be spending on TV or radio ads. Instead, it can focus its ad budget on more cost-effective options such as social media and pay-per-click.

5. Reduction in Investment for setting up physical outlets

Setting up a physical store needs a lot of initial investment such as cost of buying the land, construction of the store, interior design as well as cost of furniture, display units, lighting etc. with online business, the need for all this reduces considerably as less money is required to operate the business online. A single outlet may suffice for an entire region when doing online business.

6. Safety of employees

During the pandemic, safety becomes the foremost concern for a business. All its dedicated employees need to be protected from exposure to crowds coming into their stores for buying goods. Diverting most of its services online helps a business to plan its daily shifts in a way that minimum employees can be present during each shift as well as number of customers coming physically to the shop will reduce if they have an online purchase and home delivery or pick up option. This will reduce the risk of infection of the firm's employees, thereby ensuring a smooth and uninterrupted flow of work.

Challenges Faced by online business

1.Compliance with safety and health regulations:

The increased number of small packages ordered directly to consumers has raised challenges with regard to compliance with health and safety regulations in importing countries, as well as with regard to protecting the health of the workers involved in handling and inspecting the goods. In part, the reason for the latter challenges is that regulatory agencies and other authorities responsible for assessing product conformity with such regulations are not necessarily equipped to inspect large volumes of small packages entering, for example, through postal or courier services.

Also, online food and grocery delivery services and other such home delivery services, if not done with strict compliance to health and safety norms may lead to spread of the virus infection and further result in cancellation of orders as well as the online delivery companies getting banned.

2. Logistics and Supply Chain issues:

Supply chain disruptions (e.g. closed airports, freight disruption especially in remote locations, dis-functional storage facilities, etc.) have deeply impacted turnover of e-commerce sector relying on trade in goods and value chains. The COVID-19 pandemic has tested wholesale and logistics services and other features of supply chains like no other event in recent history. Due to the lockdowns instituted to contain the further spread of the virus, e-commerce in goods has faced supply chain disruptions. Many firms have continued to experience supply challenges as a result of the suspension of manufacturing activity, decreased production and labour shortages. Those with warehousing facilities in impacted areas have faced difficult decisions about how or whether to keep manufacturing their products. The pandemic has therefore brought to the fore the vulnerabilities of supply chains and tested the ability of businesses to adjust swiftly.

The international transport and logistics services on which all e-commerce and more traditional trade transactions rely have also been severely affected by the introduction of new health regulations that have disrupted land, sea and air cargo transportation. The cancellation of more than a million passenger flights, which were typically used to transport postal shipments and other small consignments, has significantly reduced transport capacity and increased shipping prices for cross-border B2C and B2B transactions. According to the International Air Transport Association (IATA) and the Universal Postal Union (UPU), problems were aggravated by administrative and regulatory bottlenecks, as well as crew quarantine conditions, which prevented cargo flights from keeping pace with demand. E-business relying on large-scale imports via maritime transport has also been affected. Customers have therefore been faced with delays or cancellations of their orders, even on the day of delivery.

3. Challenge of exponential increase in order with respect to investment capacity:

As consumer demand for online products grew suddenly due to the pandemic, businesses found it very challenging to adapt and expand to meet the additional demand. Insufficient funds to scale-up operations, uncertainty about the future to undertake new investments, availability of the required workforce on short notice were vital challenges, further complicated by health-related precaution measures. These same constraints impacted the availability of resources dedicated to communication and visibility, necessary to expose products and services to potential buyers in the market.

4. Consumer Retention and protection from competition:

Sudden increase in demand, limited staff for operations along with limited investment

meant that the online business found it challenging to fulfill their orders on time and in the manner promised to customer. Strain on supply chains and transport services due to travel restrictions also played its part in making it difficult for firms to keep their customers fully satisfied with their service quality. Hence, customers frequently switch over from one online service provider to another in search of better service delivery. Moreover, the number of firms giving online service in almost all fields has gone up considerably, resulting in tough competition for the existing ones.

5.Continued insistence of consumers on cash on delivery method:

Many businesses have adapted business practices to the COVID-19 “new normal” by introducing contactless delivery options and e-payments solutions. However, consumers especially in developing countries still are insistent on cash on delivery payments which often pose the biggest challenge as they put workers at increased risk of being infected by COVID-19. Efforts to minimize physical transactions have been hindered by strong cultural inclinations of customers related to the use of cash and payment on delivery. Additionally, limited availability of e-payment gateways and solutions has been cited as a bottleneck to increasing online sales.

6.Challenges posed by fake products and frauds:

Online consumer protection is one of the challenges that the COVID-19 pandemic has highlighted. There have been reports of fraudulent and deceptive practices, with some online sellers offering fake or unsafe hand sanitizers, surgical face masks or disinfectants for sale, and of price-gouging practices by certain manufacturers and retailers seeking to cash in and profit from the exponential increase in demand. This hampers the business of genuine firms as customers start to shy away from ordering online and may result in heavy cancellations of bookings of products, ultimately resulting into losses.

7.Challenges with regards to infrastructure development:

The pandemic has further emphasized the importance of the digital economy and the urgent need to bridge the gap in digital communication both within and across countries. The pandemic has highlighted existing questions about the extent to which small producers, sellers and consumers in developing countries can benefit from the opportunities that e-commerce provides, owing to lack of development in the basic IT infrastructure in the country. Many traditional obstacles have become even more prominent due to the pandemic situation. These include access to online payment solutions, reliable internet and electricity connections, the prohibitive costs of trading across borders, visibility in online searches, advertising and sales platforms, and the

difficulties in gaining consumer trust.

Conclusion:

Thus, as the demand for online business continues to grow, giving some major financial benefits as well as other advantages to the companies which were absent till recently, the same also poses a lot of challenges to the online business firms. These challenges need to be solved at the organizational, industry level as well as at national and international level by national governments in order to prepare the world market for such situations in future. Basic IT facilities, IT laws as well as consumer protection laws would need to be upgraded as the world shifts from physical markets to virtual stores.

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