

# IMPACT OF PANDEMIC ON E-COMMERCE IN ASIA

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## ABSTRACT

*The primary objective of this study is to investigate the impact that the coronavirus known as Covid-19 has had on the e-commerce in Asia. Coronavirus, one of the most lethal viruses currently known, is responsible for the deaths of many people. This indicates that the rate of economic growth in the nation has slowed down. On a very large scale, it has nearly completely disrupted all other kinds of businesses, including the e-commerce company. Most outlets owned by major merchants had been closed indefinitely. Aside from that, the situation is difficult for medium and small-sized enterprises (SMEs) since there are less customers shopping at their stores. Additionally, e-commerce companies should not be excluded from consideration. Additionally, Asia has a significant negative impact on them. China is the primary source of more than half of the goods items sold by many online retailers. As a result, it is presumable that this lethal virus will have a significant influence on the internet commerce conducted across Asia, particularly about the sale of Chinese goods. A survey was carried out as part of this study, and primary research was carried out as well, to get a more fruitful conclusion. The findings showed that most goods originate in China, and most industries are under lockdown, which implies that no items are imported or exported. This was shown by the fact that most industries are closed.*

## KEYWORDS

*e-commerce; Pandemic, Asia, Covid-19*

## 1. INTRODUCTION

Online shopping in Southeast Asia has increased by 32 percent on average over the last 2-3 years, whereas traditional purchasing has decreased by 35 percent. The COVID-19 pandemic offered a huge boost to the development of eCommerce in emerging nations. Only in Thailand are projections predicting that online sales would reach \$49 billion in 2021, which is an increase from \$33 billion in 2017. The total basket size also increased, leading to an overall 10 percent increase in sales in Indonesia. Internet sales in China, which had already established itself as the region's largest market, increased by an additional 22 percent. Transactions made through eCommerce platforms increased concurrently with shutdown orders. In Thailand, during the week of March 22, when the government enforced a countrywide lockdown, there was an increase of sixty percent (3) in the number of app downloads for shopping-related purposes. When limitations were increased in Vietnam and Singapore, there was a 10 percent increase in the number of downloads. E-commerce, technological advancements, business travel, and the general state of the economy are all negatively impacted by the coronavirus (Covid-19). It has already claimed the lives of a great number of people and is continuing to do so. In addition to this, the protocols of lockdown are followed as a way of preventative measures in every nation, including Malaysia, which has also embraced the same practices. It would seem that the virus has caused havoc in both the private and the public sectors. There is no way around the reality that the impact of new coronaviruses will have substantial repercussions for the nation as a whole, including the economy and society. The ever-present danger posed by new coronaviruses is a

catastrophe in terms of public health and is a drag on the economy as a whole. In addition to this, the company's supply chain has been disrupted. It is anticipated that both production and the manufacturers would experience more obstructions. The majority of the world's firms have their manufacturing operations centered in China. Consequently, there would be ramifications for any disruptions in the production in China. The online retailer is having trouble making sales of their wares via their platform, and they are also coming up against significant challenges when attempting to import goods from China. The majority of China's trade is concentrated in the areas of machinery, equipment, instruments, and communication-related hardware. Any interruptions that occur in these industries will simply impact business in other countries. In a similar manner, the Chinese product is essential to the Malaysian market, and its absence would have a significant negative effect on the Malaysian economy. In addition, the lockdown has made it difficult to get goods into and out of the nation, which has hampered economic activity. The coronavirus's consequences may be observed everywhere. In addition to the e-commerce industry, other industries that have been shaken up include the automobile industry, the metals and metal products industry, the chemical industry, the communication equipment industry, the rubber and plastics industry, and the office machinery industry. A great number of online firms are now dealing with product shortages, and as a result, they are unable to meet the demands of their respective clients. After everything has been resolved, this might result in a rise in the cost of the items in the foreseeable future. In addition, firms involved in online trade are making efforts to address the issue. Consider the fact that the Amazon does not only conduct business in one nation but also in other countries in addition to the country it is named after. Amazon has the largest proportion of sellers from China of any online retailer. The strain that is being caused by their supply crisis is likely to be felt by other internet firms as well.

## **2. LITERATURE REVIEW**

Over the course of the last two decades, the term China has entered the vernacular of every nation. It has emerged as one of the most important nations in the effort to boost the economy of the nation. By providing them with excellent infrastructure, the nation plays a significant part in the process of fostering economic growth in the region. China is not just a big producer and exporter of the product in question, but also a key supplier of urgent things to companies that make other commodities. China is responsible for producing around 20% of all manufactured goods sold throughout the world. As a result of this, the nations are now dealing with a significant challenge as a result of the spread of COVID 19. Not just China, but also other nations where their goods are shipped are experiencing similar difficulties. Due to the fast spread of this epidemic in Asia, online sales have stalled. Asian countries are very reliable source for China products. Businesses operating on the internet face the same challenges as their private and public sector counterparts in the nation. Because of this, not just the automobile sector but also the equipment business and other connected industries have been impacted. Due to the ongoing epidemic of COVID-19, retail businesses throughout the country have been compelled to stay closed. This scenario has been discovered as causing an unprecedented level of interruption to many different enterprises. Lockdowns and the subsequent social distance have oriented toward the increase in the activities of the user when a number of big cities have declared themselves to be self-isolated. Users have increased their activity levels inside the web apps that are related to shopping in Malaysia. According to the findings of the research investigations, it has been discovered that the number of people using online retail applications and e-commerce mobile apps has significantly increased, both in terms of active users and new users. Since the first week of March in the fiscal year 2020, there has been clear evidence of an increase in the size of the audience that watches content online. The same pattern may be seen in smartphone apps for online wholesale retailers. In the second week of March 2020, active users, new users, and payments out increased. The analysts believe that there will be a greater percentage of active viewers using the online platform in March in comparison to the months of January and

February. Online mobile applications are seeing an increase in the number of downloads and active users mostly on websites that provide food delivery services and amenities. This is the case for the most part. Increases in internet traffic on food delivery websites have been seen in many countries of Southeast Asia, such as Malaysia, Taiwan, Thailand, Singapore, and Hong Kong. Other countries in the region include Singapore and Hong Kong. According to a researcher who examined the growth in demand and traffic and discovered that there was a large increase in the number of active and new customers during the first period of March, the pace of growing traffic has grown with each passing day starting in the month of March 2020. He went on to say that as time has passed, the pace at which traffic has grown has also increased.

### **3. COVID-19**

Coronavirus is one of the most contagious viruses that commonly occurs in people following exposure to someone with severe acute respiratory illness. As a result of the specific disease's widespread distribution throughout several countries, a pandemic public health catastrophe has developed as a result of the situation. The COVID-19 epidemic is significantly driving the shift toward digital commerce. This is happening in a very substantial way. It is anticipated that the people of the country would engage in social detachment as a consumer practice. COVID-19 is an underlying factor because to its influence on global and national economies. Because of this epidemic, the people of the country have set a greater degree of restrictions not only on individuals but also on corporations. These restrictions apply to both private citizens and commercial enterprises. The spread of this virus has been responsible for a significant number of disasters that have been experienced by the global economy. Because the health of the whole population and the economy have been reliant to a larger degree on this specific pandemic, COVID-19 has been presented as the independent variable in this research. It should also be noted that the customer's actions are considered as an independent variable. The method in which the populace would react to the specific pandemic caused by COVID-19 is the primary justification for its independence. Because of the tremendous effect that this pandemic would have, consumers will be more inclined to take the appropriate measures and behave in accordance with those safeguards. As a result, the purchasing patterns of Malaysian consumers are the most important factor that determines the level of demand for e-commerce-related commercial endeavours. Because of a lack of products and services at outlets and enterprises, customers' inclination to buy would be affected by lockouts throughout the countries. For this specific reason, the consumer should place most of their reliance on the e-commerce platform to meet the key demands necessary for their continued life.

### **4. INCREASE SALES AND EXPAND CATEGORIES**

It should not come as a surprise that people's panic shopping resulted to an increase in the amount they spent on food. According to James Chang, the Chief Executive Officer of Lazada Singapore, customers "have been purchasing 4 to 10 times more food basics." [4]

Consumers are worried about infection and keeping their houses clean, so they spend more on personal hygiene products, cleaning materials, and immune-boosting vitamins. According to research by Kantar [1], 48% of consumers said that they purchased more face masks and hand sanitizer; 45% spent more on health and nutritional goods; and 40% increased their expenditure on house cleaning products.

	Hot	Popular
1	Surgical mask	↑ 9,239
2	Hand sanitizer	↑ 5,898
3	Surgical mask 3 ply	↑ 3,487
4	mask	↑ 2,428
5	Hand sanitizer alcohol	↑ 1,964
6	Dettol	↑ 2,021
7	Surgical masks	↑ 2,183
8	Mask surgical	↑ 1,953
9	Dettol hand sanitizer	↑ 81
10	Sanitizer	↑ Top 85

Figure 1. [Source: Techinasia]

The pharmaceutical and health category saw an almost threefold increase in the number of parcels handled by Singapore-based logistics firm Ninja Van during the month of February [5]. Qoo10 saw an increase in demand [6] for face masks, hand sanitizers, and other health supplements such as vitamin C and black elderberry extracts, which are known to enhance the immune system. On the other hand, spending decreased in several categories as a result of consumers being concerned about their financial stability. For example, consumers spent 27 percent [1] less on luxury products, 30 percent [1] less on alcoholic beverages, and 21 percent [1] less on meat and seafood.

More people are purchasing online to escape crowded stores, therefore brick-and-mortar companies and brands are focusing on online transactions. Nevertheless, Lazada and Shopee continue to be the most popular applications, even though more people in Malaysia and Indonesia have downloaded Alibaba. Even when the worst of the Coronavirus crisis has passed, it is probable that consumers will keep the altered buying patterns they developed during the outbreak. Customers who have previously shopped online are likely to continue doing so, and the epidemic inspired many consumers in Southeast Asia to make their first online purchases. Products related to health and hygiene, such as face masks and hand sanitizer, are anticipated to have a significant market presence over the long future. Even while online shopping has benefited from the COVID-19 epidemic, individual online stores are still up against a great deal of competition.

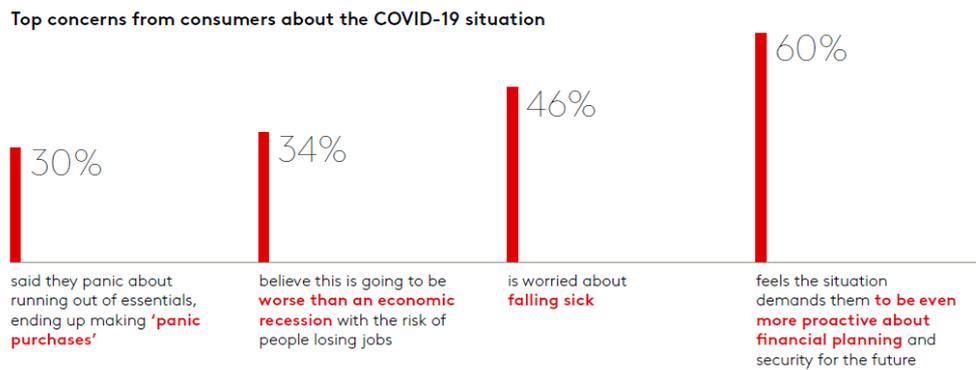


Figure 2. [Source: Kantar]

Since COVID-19 began spreading uncertainty throughout the region, only a select few businesses have been able to increase their value, according to an analysis conducted by Kantar that covered the movement of stock prices for more than one hundred consumer goods companies located all throughout Asia. As seen by the continued decline in stock prices around the globe, especially Asia, consumers and markets are beginning to recognize the severity of the economic risk presented by COVID-19.

## 5. DISCUSSIONS

The COVID-19 virus has had a tremendous influence on the e-commerce of the globe, and although some of these effects have been bad, the industry is expanding at a fast rate as a direct result of the virus. Customers were obliged to utilize the internet and make it a habit in their day-to-day activities after Coronavirus (Abiad, Arao, & Dagli, 2020). In addition, there are a lot of issues that merchants must face when it comes to e-commerce, such as increasing the delivery time, having trouble during movement management, having social distance, and having lockdowns (Hasanat et al., 2020). Even if the process of distribution and supply is relatively lengthy now, there is still demand for the product since customers have few other options. As a result, more and more individuals are turning to technology because of viruses.

In addition, there is a very strong demand in the market for certain items. Even businesses are unable to meet the needs of their customers for things like hand sanitizers, toilet paper, disposable gloves, supermarket products, and dairy goods. On the other side, COVID-19 has a bad impact on the tourist business, planes are losing money, and international trade is moving at a very snail's pace and people are stranded where they are.

The data analysis that was carried out up above demonstrates that there has been a detrimental effect brought about by the coronavirus on the e-business in Asia (COVID-19). The unfavourable impact that has been created is having an effect, not only on sales but also on the purchasing habit of consumers. Because to COVID-19, the economic climate in Asia as well as the rest of the world has become more unfavourable. The decline in purchasing behaviour on the part of consumers is one of the obstacles that online merchants must overcome to succeed in the e-business. The reduction in purchasing activity has a knock-on effect on both the supply chain and the logistics of shipment. E-businesses will suffer enormous losses because of this, which will further contribute to the decline of their industry. The introduction of Chinese goods on the Asian market contributes to a reduction in demand for such goods by causing customers' purchasing habits to change, which in turn has a negative impact on demand. Because of this, a greater impact is being made on the online businesses that are already operating in the Asian market.

"There's a potential of food contamination" is used when the consumer is apprehensive about online meal delivery. This reduces face-to-face engagement, which lowers e-commerce purchases.

## 6. CONCLUSIONS

In this article, we take a look at the COVID-19 epidemic that occurred in China and discuss it at length. Our main focus is on how the Coronavirus spreads and affects China's e-commerce and the rest of the globe, especially Asia. Increased knowledge of this problem may lead to a better educated population and careful consideration of how e-commerce, business, and the economy of affected countries are affected. E-commerce has given people additional possibilities to meet their needs. COVID-19 facilitates improvements in online business. The manner in which it affected e-commerce may inspire other scholars to do more in-depth study into topics related to this sector, such as the e-commerce patterns that were modified by Corona and the trends that will emerge in the future.

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