



# **THE ROLE OF E-COMMERCE DURING THE COVID-19 ECONOMIC CRISIS**

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# INTRODUCTION

- The crisis caused by the epidemic of COVID -19 proved to be a catalyst for the e-commerce industry, which recorded a significant increase in turnover after the economy froze up and shopping centers closed. The number of new online shoppers who have experienced the benefits of this form of shopping continues to grow. The dynamic growth in e-commerce sales shows that online sales work well in crisis situations such as the current one caused by the coronavirus pandemic.





## THE AIM OF THE ARTICLE

- The aim of the article is to describe the dynamic development of e-commerce during the COVID -19. In order to analyze this phenomenon, the article deals with the concept of e-commerce, followed by an overview of the current economic situation during COVID-19, to illustrate the situation of the e-commerce market during this period. The authors' considerations lead to a proprietary e-commerce model applicable during the coronavirus epidemic. Its analysis reveals its long-term effects.



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## DEFINITION OF E-COMMERCE - THEORETICAL FRAMEWORK

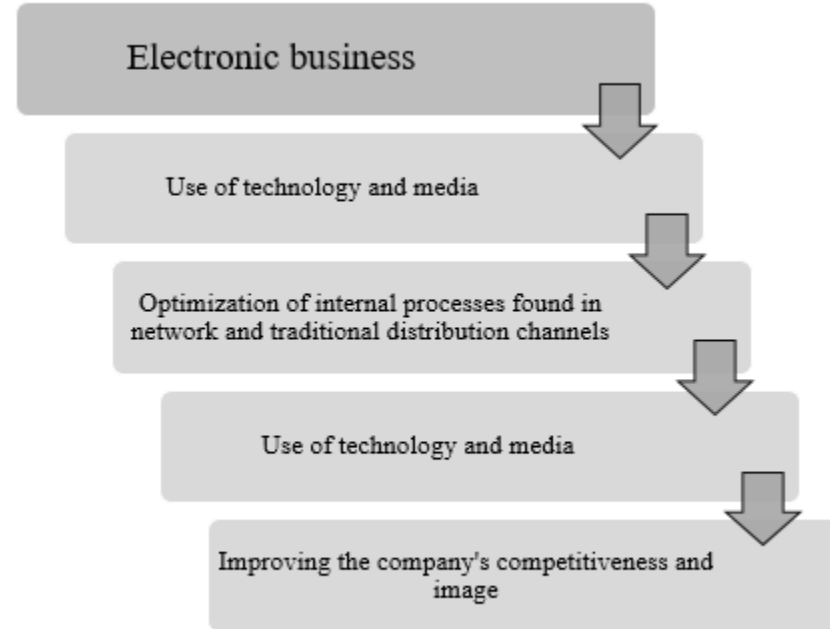
- Although it is somewhat difficult to define the nature of e-commerce, e-commerce is understood as an activity that consists of selling products and services over the Internet.
- E-commerce comprises the production, advertising, sale and distribution of products via ICT networks. However, it would be quite a simplification to associate e-commerce exclusively with online shops. The online shop is merely an e-commerce platform that functions as a B2C, B2B or in a mixed form. Such a platform offering a single product could be considered an online shop. However, it is generally accepted that more products (services are offered less frequently) are sold in such a shop.

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# DEFINITION OF E-COMMERCE - THEORETICAL FRAMEWORK

- In the literature on this subject, the concept of e-commerce is often equated with the concept of e-business. However, the scope of the term e-commerce remains narrower than that of e-business. In general, e-commerce covers all aspects of commercial transactions conducted using electronic equipment and software, such as telephone, fax, computer or TV other electronic devices.
- Electronic commerce can be defined as a way in which a company uses technology and media to improve its image and competitiveness by optimizing internal processes in the corporate network and traditional distribution channels and by bringing products to market.

# MODEL OF E-COMMERCE



**Figure. 2** Model of e-commerce, Source: own.



# E-COMMERCE

E-commerce can be divided according to the type of partners in a transaction. A distinction is made between the following systems :

- business-to-business (B-to-B), which stands for transactions between companies and organizations,
- business-to-consumer (B-to-C), which stands for the retail sale of products to individual consumers
- business-to-public (B-to-P), which stands for the sale of products to public and government institutions and the mutual exchange of information necessary for the functioning of companies, public institutions and their potential customers.
- Online product catalogues and online shops are part of virtual B-to-C commerce.

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# ECONOMIC CRISIS AS A RESULT OF THE COVID-19 PANDEMIC

- Again Pandemics represent one of the greatest potential negative global risks, especially in today's globalized world of increased integration between countries. They cause high morbidity and mortality and negative socio-economic impacts. The world is currently struggling with coronavirus disease caused by SARS-CoV-2, which has already reached global pandemic status.
- The emergence of the epidemic has raised concerns about its negative impact on the global economy. It has been suggested that the new coronavirus will cause a prolonged global recession



# ECONOMIC CRISIS AS A RESULT OF THE COVID-19 PANDEMIC

- This suggests that the pandemic is affecting the economy in two ways. If we analyze demand, we can see a decline in consumer spending. People are falling ill or trying to isolate themselves at all costs. They would rather stay at home than travel or visit shopping centers, cinemas and museums.



# ECONOMIC CRISIS AS A RESULT OF THE COVID-19 PANDEMIC

- Contrary to Keynes' convictions, lower demand should not be seen as the sole effect of the current pandemic. Certainly, a decline in demand will reduce GDP growth in the short term. However, spending should increase once the epidemic is over, especially since any economic shock is by definition short-lived. Lower consumer spending should not trigger an economic catastrophe, but should rebalance the economy with lower prices and a new structure of prices, production and consumption. Furthermore, we must not overlook the role of the government, which is prepared to intervene and increase spending on the broadly understood fight against epidemiological threats

# ECONOMIC CRISIS AS A RESULT OF THE COVID-19 PANDEMIC

- However, this impact becomes more pronounced in the case of the supply side of the economy, especially since epidemics significantly reduce the supply of labor. In most cases, however, this phenomenon is temporary due to the fact that some workers get sick or simply prefer to stay in quarantine rather than work.



# CHANGES IN E-COMMERCE

- Restrictions on traditional ways of shopping and the need to comply with sanitary regimes have forced new consumer behaviour and the need to adapt to current conditions. Introducing social distancing has also contributed to a decline in traditional forms of shopping.
- The last few months (April to June 2020) have become a period of growth in e-commerce. E-commerce is the result of restrictions imposed on traditional commerce. Consumers have shifted their activities to the virtual world, while the epidemic has undoubtedly changed their buying behaviour. E-commerce has not lost its importance even while the economy is defroze. Despite the gradual recovery of the economy, it is still unclear when it will return to full normality. Certainly, in the long term, all companies that have not introduced remote services will have to catch up quickly.

# CHANGES IN E-COMMERCE

- Despite the economic crisis, there are sectors that are developing dynamically. The e-grocery sector is registering growing interest from customers. For example, one of the biggest Polish online supermarkets, Frisco, due to its popularity, accepts orders at least one month in advance, whereas before the epidemic orders were delivered within 2-3 days at the most.





## CHANGES IN E-COMMERCE

- At present, the food technology sector is also valued. With the closure of the restaurant, companies offering a contactless and cashless form of food delivery began to operate. The manufacturers of protective equipment such as gloves, masks, antibacterial soaps or hand disinfectants are not keeping up with the production. These products are usually ordered online. The number of orders for over-the-counter medicines is also increasing, and the demand for courier services is growing. Data collected for "Rzeczpospolita" by Sendit, a company providing parcel delivery services, show that the demand for parcel delivery services has increased by about 20% more than its natural organic growth.



## CHANGES IN E-COMMERCE

- The phenomenon of social isolation has led to many aspects of life being transferred to the virtual world. According to PBI, 27.9 million Poles used the Internet in February 2020. In March this number rose to 28.6 million whilst in April the number of users was 28.2 million. Although a large part of Polish society has access to the Internet, it is used for various purposes



# E-COMMERCE DURING THE CORONAVIRUS EPIDEMIC ON A MODEL BASIS

- The above considerations have confirmed the rapid development of e-commerce and the growth of its role as a sales channel. This is primarily a consequence of the outbreak of COVID -19 and consumer concerns about their health and safety. As a result, consumers choose to shop online because of the lack of physical contact with the seller. Round-the-clock availability is not insignificant, as is the improvement in the quality of service provided by the company. Improvements in logistics are reflected in a growing number of delivery and payment methods. These reasons are reflected in the ability to make purchases without leaving home. Online shopping thus becomes a guarantee for the safety of customers' health.



# **E-COMMERCE DURING THE CORONAVIRUS EPIDEMIC ON A MODEL BASIS**

The dynamic development of e-commerce leads to a number of phenomena:

- the creation of relationship systems between the e-consumer and the seller, and between the e-consumer and other e-consumers, which leads to a flow of information, knowledge and unique ideas,
- the tailoring of the offer to the needs of e-consumers on the basis of their feedback,
- raising awareness of the need to create positive experiences for buyers in their business contacts,
- taking measures that lead to the acquisition of valuable ideas and suggestions from the customer.

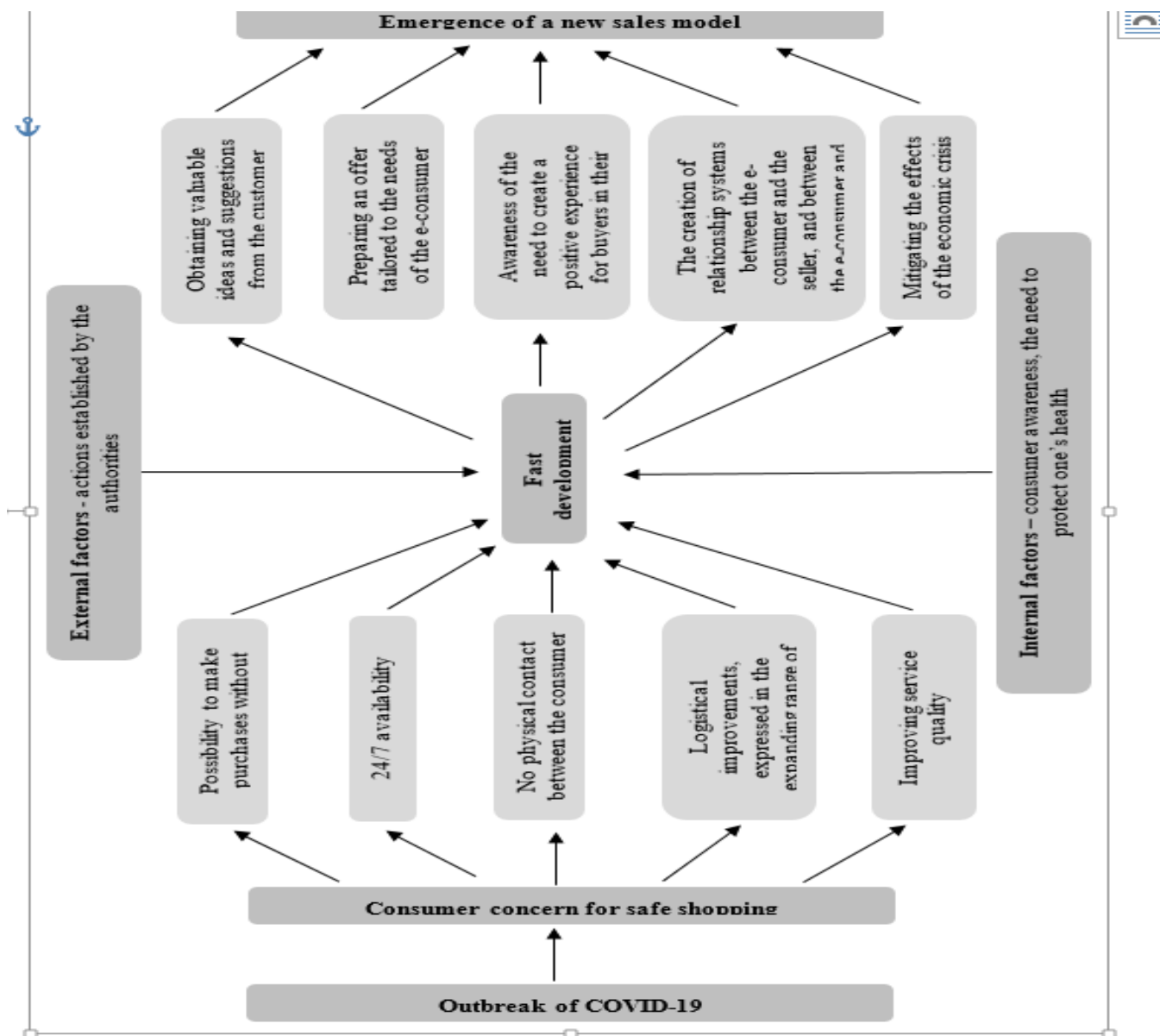


Figure 2. A model of e-commerce during the coronavirus epidemic, Source: own.



# E-COMMERCE DURING THE CORONAVIRUS EPIDEMIC ON A MODEL BASIS

- These phenomena are illustrated in Figure 2. They can lead to the development of a new sales model, which is implemented with the help of information technology. Despite the existence of various obstacles to the development of online trade, it is expected that it will expand rapidly in the coming years, even after the end of the pandemic. Particularly as the development of e-commerce can be considered one of the factors mitigating the economic crisis following the outbreak of the coronavirus epidemic.



# CONCLUSIONS

- The new economic reality has forced consumers to change their behavior. At the moment, we are observing the emergence of a new model of consumer behavior that is determined by various conditions. The changes have brought about a structural approach to consumption and a growing importance of electronic commerce. In the process of social isolation, manufacturers and sellers communicate more actively with their customers via social media. Especially since the customers are often afraid to visit shopping centers due to the epidemic threat and therefore limit the frequency of their shopping sprees.





# CONCLUSIONS

- The COVID -19 epidemic has caused an economic recession. It has had a significant impact on the economy and trade. It has also significantly changed consumer habits, which are influenced by a number of external and internal factors. In recent months the consumer has become a health-conscious, socially isolated buyer. Increasingly, they have also begun to reap the benefits of electronic commerce. This phenomenon can lead to the development of a new sales model where the buyer receives the product according to his personal needs.



**Thank you for your attention**