

THE INFLUENCE OF THE PANDEMIC ON E-COMMERCE

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Abstract:

E-commerce involves selling goods or providing services through online platforms, virtual stores, or e-shops.

E-commerce has multiple advantages, but also disadvantages.

The pandemic has produced significant changes in world trade.

As a result of the pandemic, online sales registered an advance of 2-3 years, registering a very large number of Romanians who ordered online for the first time.

Key words: *E-commerce, online sales, prices*

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INTRODUCTION

E-commerce has grown as a result of the development of specific infrastructure. This involves selling goods or providing services through online platforms, virtual stores, or e-shops.

E-commerce has multiple advantages, but also disadvantages, both from the point of view of the seller and the buyer.

The main advantages from the seller's point of view are: low operating costs, on-demand sales, collaboration with a courier company or the post office, and from the buyer's point of view: it is more convenient, easily accessible information, arrival of goods directly at home.

Disadvantages of e-commerce include the fact that images on some websites may have some additional features, which in reality do not exist, or the fact that, in some cases, the prices of goods displayed on the Internet may be higher than those in stores ¹.

Consumers appreciate the opportunity to shop online from anywhere, to have access to a wider range of products, to compare prices, and to share their views on goods with other consumers².

¹ Mateș, Dorel. Bunget, Ovidiu (coordonatori). (2017). Contabilitate aprofundată, Ed. Eurostampa, Timișoara. p. 271-272

² https://ec.europa.eu/eurostat/statistics-explained/index.php?title=E-commerce_statistics_for_individuals&action=statexp-seat&lang=ro#Cele_mai_populare_achizi.C8.9Bii_online

1. THE IMPACT OF THE PANDEMIC ON E-COMMERCE IN THE EU

The pandemic has produced significant changes in world trade.

Thus, for the less experienced online shoppers, e-commerce has become an alternative, and has led others to buy new categories of products online.

Some areas, such as manufacturers of personal protective equipment, medical supplies or hygiene products, have faced much higher demand than the production of vehicles and machinery which have experienced difficulties with the increased volume of demand and offer.

Among those most affected by the pandemic were traders of non-essential products, but their evolution was uneven at European level, due to the different categories of products considered essential from one country to another.

According to the survey titled "Impact of the COVID-19 pandemic on e-commerce" conducted by E-Commerce Europe in 19 European countries, four countries, including Romania, considered only food and health products essential. In other countries, on the other hand, the list of essential products included gardening products, furniture and interior decoration, or IT&C³.

Table 1
Internet use and online purchases (% of individuals aged 16 to 74)

	Proportion of individuals who:	
	Used Internet within the last 12 months	Purchased online within the last 12 months
EU	89	65
Belgium	92	73
Bulgaria	74	31
Czechia	89	72
Denmark	99	89
Germany	95	83
Spain	93	63
Croatia	80	55
Italy	81	44
Hungary	86	60
Netherlands	95	87
Austria	89	66
Poland	85	61
Romania	85	38
Slovenia	88	63
Slovakia	91	62
Sweden	97	84

Source: Eurostat (isoc_ci_ifp_iu) and (isoc_ec_ib20)

³ <https://www2.deloitte.com/ro/ro/pages/tax/articles/vanzarile-online-colacul-de-salvare-pentru-comercianti-in-2020.html>

E-commerce has been extremely popular in Europe in 2020. It has grown exponentially amid the COVID-19 pandemic and the closure of physical stores in the 27 EU member states.

The percentage of internet users in the 12 months prior to the survey varied considerably in the EU, from 74% in Bulgaria to 99% in Denmark, while the EU average was 89%. The share of online shoppers among people aged 16 to 74 in the EU was 65%, with Denmark having the highest share (89%), and Bulgaria having the lowest share (31%). In Romania, the percentage of internet users was 85%, and the share of online shoppers was only 38% of people aged between 16 and 74 years.

E-commerce increased in Europe in 2020, but differently from one country to another, depending on the restrictions imposed, but also on the object of activity⁴.

Differences in online commerce also occur depending on gender, age, level of education, and employment status.

Thus, the share of online shoppers among men was slightly higher than women (73% compared to 72%). Young people between the ages of 25 and 34 are more active online shoppers (85% of internet users) than other age groups. The proportion of internet users with a higher level of education who shop online (more than eight out of ten) is 32% higher than that of internet users with a lower level of education. Employees and the self-employed, as well as students, shop online more than the unemployed or retired or the inactive⁵. According to Eurostat, 17% of EU online shoppers had problems with slower delivery than indicated at the time of purchase, and 8% of them had problems with technical website failures while ordering or paying. Another problem faced by EU online shoppers was that some received wrong or damaged goods or services (8%), others had difficulty finding information on warranties and other legal rights (4%), or encountered difficulties in lodging complaints and claiming compensation after filing a complaint (5%).

Also, 3% of online shoppers had higher final costs than initially indicated, and some faced fraud issues.

On the other hand, 71% of online shoppers have no problem shopping online⁶.

2. E-COMMERCE IN ROMANIA

The basics of online commerce in Romania were represented by electronics stores, the IT&C sector being thus currently the most developed segment in the online environment. Gradually, other sectors of activity began to enter the online environment, such as fashion, the medical services industry, natural products, toys and children's products, but also home & deco.

In Romania, online commerce increased by about 40% in 2020 compared to 2019, reaching 6 billion euros. Also, as a result of the pandemic, the number of Romanians who shop online has increased by 13% in 2020 compared to 2019. Thus,

⁴ Idem 3

⁵ Idem 2

⁶ https://ec.europa.eu/eurostat/statistics-explained/index.php?title=E-commerce_statistics_for_individuals&action=statexp-seat&lang=ro#Comer.C8.9Bul_electronic:_Cea_mai_mare_cre.C8.99tere_.C3.AEn_r.C3.A2ndul_tinerilor_utilizatori_de_internet

Romania is among the countries that have registered a significant increase in e-commerce sales. However, the value of online sales is low compared to other EU countries⁷.

According to GPeC estimates, the Romanian e-commerce will register an increase in 2021 by approximately 15% compared to 2020, thus the entire sector reaching approx. 6.5 billion euros generated by online sales⁸.

As a result of the pandemic, online sales registered an advance of 2-3 years, registering a very large number of Romanians who ordered online for the first time.

According to a study conducted by Nielsen Norman Group, 20% of Romanians ordered online for the first time after the onset of the pandemic, and 85% of those who buy online have expanded the range of products purchased online with at least one new category. At the same time, there was a significant increase in the trust of Romanians in online stores from 32% in 2020 to 41% in 2021. Thus, the degree of trust of Romanians in online stores is much higher than in countries such as Bulgaria (24%), Serbia (23%), or Croatia (23%). Therefore, Romania could be of interest to international companies expanding their online presence in the region⁹.

Among the reasons why some companies do not sell their products online are lack of budget (21%), but also the fact that their object of activity is not suitable for e-commerce (64%)¹⁰.

However, there were some companies that did not want or could not transfer their business online, continuing to conduct their business in the same way as in the pre-pandemic period.

From the point of view of online selling companies, the main problems they face are related to fluctuations in supply and demand, and delays due to courier companies, both problems often encountered during the pandemic. Also, some companies face the lack of stocks, the distrust of people in this kind of trade, difficulties in sending orders, but also non-performing e-commerce platforms¹¹.

In Romania, the most used payment method for online shopping is cash on delivery, but the trend is decreasing compared to previous years. In 2020 only 56% of online shoppers chose this payment method compared to over 80% in 2018¹².

According to estimates, in 2021, more than half of Romanians with internet access will buy something online. Romania continues to be in the top of the countries with the highest increase in e-commerce sales, forecast at 23% in 2021, compared to the European average of 12%¹³.

Most Romanians prefer to order at domestic online stores, but many of them are also tempted by online stores abroad, due to low prices and good offers.

Customer loyalty is achieved through several methods of stimulating their interest, namely: ensuring fast shipping, free delivery, discounts on each order, or granting subscriptions¹⁴.

⁷ https://www.economica.net/comertul-online-in-romania-este-inca-subdezvoltat-ce-frane-reclama-retailerii_513095.html

⁸ <https://www.bursa.ro/gpec-comertul-online-romanesc-creste-cu-15-procente-fata-de-2020-01975440>

⁹ Idem 8

¹⁰ Idem 7

¹¹ Idem 7

¹² Idem 8

¹³ https://www.economica.net/asociatia-magazinelor-online-pestre-jumatate-dintre-romanii-cu-acces-la-internet-vor-cumpara-ceva-online-in-2021_537702.html

¹⁴ <https://vtex.com/ro/blog/trenduri/trend-in-ecommerce/>

But there are also many people who prefer personal shopping in stores to be able to see the products before buying them, or out of loyalty to the stores. Some shoppers still opt for in-store shopping because they do not trust online payments, or think they do not have the skills or knowledge to shop online, while others have concerns about receiving or returning goods.

CONCLUSIONS

A very important role in the development of e-commerce rests with promotion and marketing campaigns, the development of new products adapted to the new market conditions, as well as attracting new customers and developing loyalty programs.

The main improvements that could be made to e-commerce platforms are those related to speed, integration and ease of use, as well as those related to payment and promotion methods.

Expanding and improving mobile communications networks will further contribute to expanding online commerce¹⁵.

The development of communications infrastructure and e-commerce have also allowed retailers access to foreign markets, the Internet thus facilitating the marketing of products and services without border barriers. Online retailers need to keep up with technology to stay competitive in the marketplace.

Romania is currently going through an accelerated stage of digitisation, with direct effects on traditional retail, which will increasingly migrate to online commerce.

In the context of the Covid-19 pandemic, more companies will have to carry out their activity online in order not to register losses.

Given the multitude of online sellers, the main element behind their differentiation is their experience.

In the future, especially in the context of the Covid-19 pandemic, businesses will have the best chance of developing, adapting, digitising quickly, and becoming more flexible.

In order to maintain their market position, companies need to strengthen their marketing strategies, invest in their social media presence, and prove their authenticity.

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