

Impact of Epidemic Situation on Retail Industry

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Abstract. Since 2020, the sudden outbreak of the new crown epidemic has brought great influence on China's retail industry. It directly affects how much retail products are sold. People have little choice but to stay at home and are unable to go shopping. Additionally, there is psychologically far less of an inclination to spend, which has a direct impact on the number of retailers and purchasing power. The single offline and single online sales mode has been impacted, and the new retail mode of deep integration of online and offline has developed rapidly. This paper summarizes the benefits, shortcomings, challenges, and opportunities of the new retail industry under the current epidemic background and makes recommendations for the further development of the new retail industry based on an analysis of the current situation of the new retail industry in China.

Keywords: Xinguan epidemic situation; New retail; Fresh E-commerce.

1. Introduction

In 2020, the new crown epidemic suddenly swept the world. In order to control the epidemic, citizens have responded to the policies of home isolation and reduction of aggregation. In this context, many traditional offline industries have been severely impacted. Due to the large-scale closure of cities, villages, communities, roads and other initiatives, both online and offline traditional retail industry can not meet people's urgent demand for resources. Therefore, the single traditional retail method offline or online has gradually been unable to meet the needs of people's production and life. Online orders for HEMA fresh increased by 220% year over year. In this epidemic situation, as a typical representative enterprise of new retail, HEMA fresh showed its own advantages. In the face of a sudden increase in orders, there will be a shortage of supply.[1] In this pandemic, fresh food businesses have done very well, which has, to some part, sped up the creation of new shops. [2] The retail sector in China is currently facing new problems and has also begun to recognize new opportunities, which will hasten the sector's transition to new ways of thinking.[3-5] On the basis of this, we may analyze how the new crown pandemic has affected the new retail sector and make suggestions for its future growth. The future development of the new retail business is anticipated to be better.

2. Development status of new retail industry in China

With the development of network technology and the popularization of e-commerce, new retail is increasing day by day. For example, famous and innovative products, NetEase strict selection and Suning cloud business are typical representative enterprises of new retail. However, in 2020, a new epidemic will have a great impact on people's production and life. For a time, the closure of cities, suspension of work, suspension of classes and isolation at home have become people's lifestyle. People can't choose Offline physical retail stores to buy daily necessities, so they can only buy online orders. In this context, it has greatly promoted the development of new retail in fresh food industry such as HEMA fresh food.

Taking HEMA Xian Sheng, a typical representative of fresh food e-commerce, as an example, after the outbreak of the epidemic in 2020, from January 25 to January 30, the daily new user scale of HEMA fresh food continued to increase from 31000 to 48000. After January 30, the daily new user scale of HEMA fresh food increased steadily, up to 54000. The number of active users in the whole

network increased rapidly, reaching 17.9803 million from January to February 2020. According to statistics, during the epidemic, online orders for HEMA fresh increased by 220% year over year.

In 2014, the transaction scale of fresh food e-commerce in my country was only 29 billion yuan. By 2017, the transaction scale reached 104.28 billion yuan, with a growth rate of 3.4%. The transaction scale of fresh food e-commerce is in a stage of steady growth. With the advancement of network technology and the development of online shopping, from 2017 to 2019, the transaction scale of fresh food e-commerce has increased significantly. By 2019, the transaction scale will reach 255.45 billion yuan. The annual transaction scale reached 364.13 billion yuan and 4658.1 yuan respectively. By 2021, the growth rate was as high as 16%, and the trading scale of fresh e-commerce was rapidly improved.

3. Impact of epidemic situation on new retail industry

3.1. Advantage analysis

Under the influence of the new epidemic situation, people have responded to the call to fight the epidemic together. The frequency of people entering public places for consumption and shopping has been reduced. In order to meet the needs of daily life, online shopping has gradually become the first choice of people. The new retail of placing orders online and collecting goods offline can not only meet people's needs for daily necessities, it can also meet people's personalized demand for goods, which makes the order volume of online shopping platform and o2o home service increase significantly during the epidemic period. In addition, the non-contact distribution during the epidemic period effectively reduced the crowd gathering and virus transmission.

3.2. Weakness analysis

Affected by the epidemic situation, it is difficult to import and export commodities. However, for some industries that rely heavily on import and export of commodities, the development of cold chain logistics in China is not mature. With the increasing demand for goods, it is difficult to allocate goods from abroad when the inventory is difficult to meet the needs of customers. As a result, it will not only prolong the delivery time, but also be difficult to ensure its freshness and quality, it affects the experience and satisfaction of consumers, causes the complaints of consumers, and then affects the trust of consumers and the credibility of enterprises.

3.3. Opportunity analysis

This not only increases the number of active users in the new retail industry but also helps to change the consumption concept of such consumers, which helps to make the new retail industry continue to develop after the closure or end of the epidemic. Many of them must accept the online and offline shopping habits during the period of online and offline shopping, and their shopping habits will affect their online and offline shopping habits. Second, the government has actively backed the growth of the new retail sector during the pandemic to hasten the destruction of supply chain short boards. Taking fresh e-commerce as an example, the state uses central funds for investment, supports and creates some benchmark cold chain logistics bases, and solves the problems in the distribution process from the crucial supply chain links. For a long time, the development of new retail has become increasingly mature, which is conducive to the sustainable development of the new retail industry.

3.4. Challenge analysis

First of all, during the epidemic period, the demand for online shopping increased sharply. Take HEMA fresh as an example, during the epidemic period, online orders for HEMA fresh increased by 220% year over year. However, there is a labor scarcity for loading, sorting, and distribution, and the cold chain transportation facilities are not ideal throughout the logistics distribution process. The supply chain presents a significant obstacle to the further growth of modern retail. Second, under the

influence of the new crown epidemic, people are isolated at home, and the new retail industry has achieved great development. However, after the unsealing or the end of the epidemic situation, the traditional retail industry has made a comeback and it is difficult to guarantee that there will be no loss of users. How to retain these customers is also one of the challenges facing the new retail sales. Third, affected by the epidemic situation, the magnificent development of the new retail industry has led to intensified competition in the industry. Take fresh e-commerce as an example, HEMA fresh, daily excellent fresh, etc., during the epidemic period, the order volume of these platforms all increased significantly. In the long run, it is difficult to guarantee the future competition situation of the fresh e-commerce industry. Once it develops into malicious competition, it will have a great impact on the development of the new retail industry.

4. Suggestions on the development of new retail industry in the context of Covid-19

4.1. Highly integrated online and offline to improve the supply chain

During the epidemic period, due to the restrictions of home isolation, offline physical retail stores had a poor business, and it was difficult to use the Internet for transformation and upgrading. Online retail stores had difficulties in distribution and high cost of customer acquisition. Therefore, the online and offline supply chain should be highly integrated. The supply chain highly integrates resources such as offline physical store channels, internet e-commerce platforms and mobile Internet e-commerce platforms, and enters the industrial Internet era from the consumer Internet. The upstream and downstream information of the supply chain flows and fully shares. Consumers can choose personalized products according to their own needs online, and then deliver them through the nearest offline retail store, which can not only save the distribution cost, but also save the delivery time, so that customers can get the goods they want in time and improve customer satisfaction.

4.2. Improve customer satisfaction with the guidance of consumer demand

During the epidemic period, due to the prevention and control management and home isolation, the number of new retail users has increased sharply. However, after the epidemic situation is improved and unsealed, the users of the new retail platform are likely to be lost. Therefore, during the epidemic period, the platform should provide users with satisfactory use experience, and go deep into every link, from purchase, order, distribution, and after-sales service, to give users a good and comfortable experience. In this regard, we can use the application of big data to intelligently analyze the needs of customers and customize personalized pages for different customers, so as to help customers reduce the time to make decisions. In addition, the quality assurance of customers' goods is also very important, especially for some fresh foods. In the delivery process, we should pay attention to the freshness to ensure that customers can receive the freshest goods, so as to gain consumers' trust and form user stickiness.

4.3. Identify the enterprise positioning and create a benign competitive environment

In the era of high-speed development of new retail, more and more enterprises will participate in the new retail market. The hardware facilities may not be suitable for the high-speed development of new retail market. These blindly following enterprises can not meet the personalized needs of customers, but will gradually smooth the confidence and satisfaction of customers, in this way, the enterprise not only did not get profits, but also suffered serious losses. For some enterprises that have developed well in the new retail industry, it is unreasonable for them to expand wildly and suppress other enterprises in the same industry with the intention of monopolizing the industry. Blindly malicious competition may increase transaction costs and reduce economic benefits in the market, destroy the competition order of the market, cause serious economic losses, and bring adverse effects

to the whole industry and market, We should focus on the positive competition and service of consumers through the unique experience and service.

5. Conclusion

Based on the epidemic situation, taking fresh e-commerce as the representative, this paper analyzes the current situation of the new retail industry, and analyzes the advantages, disadvantages, opportunities and challenges of the new retail industry. In response to the challenges brought by the epidemic to the new retail industry, three suggestions are put forward to highly integrate online and offline, improve the supply chain. Take the consumer demand as the guidance, enhance the customer satisfaction. There are three suggestions to find out the position of enterprises and create a good competitive environment. Through the research of this paper, we hope to provide reference for the sustainable and stable development of the new retail industry.

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