ABSTRACT

The retailer today is faced with depleting stocks, the tendency of wholesalers to dump old goods on him, to deny him the freedom of choice by combo offers of goods- ones with ready demand with those that are not well received and so lie idle in godowns. There have also been instances of suppliers demanding advance payments and denying the usual credit facilities. Many retailers have closed shops. This is an indication of shallowness of our supply chain that cannot withstand even a month’s demand. It is also a pointer to the psychological disposition of the consumer and psychosis of scarcity. The COVID has also put service marketing out of gear. Regulations in traffic, reduction of service- outlets and the appeal to use electronic channels have badly affected the section of the population left uncovered by the IT revolution. We also see a total breakdown of postal and courier services. Thus, COVID has upset the retail sector. One needs drastic management strategies that call for consistency, coordination and above everything else human compassion. We must survive this calamity with coordinated effort sinking all our differences so that we can bounce back to the path of progress towards prosperity that would cover all sections of society.

Key Words: COVID-19 Pandemic, Retail Business, Retailers, Consumers.

INTRODUCTION

John Malthus saw how life was cyclical. He prophesied the growth of population in geometric proportion and the corresponding but slow increase in means of livelihood in arithmetic proportion. He also recorded the positive checks that nature sets in motion to reduce her human burden in the form of quakes, typhoons, Plagues and Pestilences and wars and revolutions. Well, it was alright and true in a less developed
world, when mankind was stumbling through life in ignorance and superstition. But with all our progress in knowledge, science and technology one felt one had conquered nature, understood her seismic moods, the vagaries of the monsoon, the mysteries of microbial world that operate unseen to make and mar the world - , one felt safe in self-complacent castles of ‘a taken for granted comfort’.

But Malthus, as one sees it, is as relevant today as he was in his own less knowledgeable world. Ebola, Swine flu, Bird flu, Ahini, AIDS and recently COVID 19 have proved nature continues to be as unpredictable as ever. With the need for greater knowledge on the micro-organism with its erratic life cycle and propagation mechanism and its symptomatic and asymptomatic manifestations, nations have been driven to the old mantras of hand washing, feet washing, face washing, social distancing and isolation therapy. One has realized the dangers of consistent ecological negligence. The COVID ’19 pandemic has exposed many chinks in our armour and the inadequacy of our policies to manage, contain and survive the pandemic. It has upset the apple cart of capitalistic, socialist, democratic and autocratic systems of organization of civic and economic administration. Almost every sector of the economy is in shambles.

In this paper we turn our attention to the impact of the social control and rather long shut down of the production/ supply chains on retail business. Retailing, to repeat a truism is the terminal point where production and consumption meet in mutual fulfillment. All production targets consumption. There is no need to supply if there is no demand. But within a week of the shut down our retail sector was put in disarray by the urgency of the situation, so called medical and social emergency that had to be resorted to, to avoid infection and spread of COVID 19, popularly CORONA.

RECENT TREND IN RETAIL BUSINESS BY COVID-19

“However, the Indian consumer retail witnessed a big drop in sales by 46 per cent and 55 per cent fall in the number of customers per store from March 17 to 25, which is expected to drop further in the coming weeks due to the ongoing nation-wide lockdown,” it added. The government had announced a 21-day lockdown starting March 24 to contain the spread of the deadly corona virus infection that has claimed thousands of lives globally. Based on the analysis, it is evident that the short-term impact of COVID-19 on retailers will be severe. The most resilient retailers surviving this epidemic are the Omni channel retailers. Brands who invested in enabling a personalized Omni channel shopping experience are experiencing the fruits of their labour. At a company level, off-line teams should co-ordinate with the online team to divert the traffic to their ecommerce website/apps and clear out the inventory.
As entire countries come under quarantine orders and consumers around the world start to shun human contact, retailers are scrambling to adapt. They recognize the global response to the novel COVID-19 virus will have a significant impact on their business. They understand the situation is changing daily. And they know they have little time to respond. The COVID-19 pandemic continues to force retail stores to close, signaling an unprecedented disruption of commerce. Incumbents rarely do well in this type of disruption. None of the ice-harvesting barons invested in ice factories, and all the ice factories failed to foresee the advent of at-home ice makers.

For retailers, COVID-19 is an urgent threat, in addition to other already existing impacts forcing retailers to radically restructure their business and operating models to quickly adapt to change. The combination of impacts from several factors - including social, economic, environmental, technological, political, legal and ethical - have placed pressure on retailers to transform business models. COVID-19 is now compounding these impacts and exposing already weak spots among all segments and sizes of retailers. Over the past few weeks, we have been talking with all our retail sector clients about the impact this pandemic may have on their business. More importantly, perhaps, we have been helping them think through how to prepare for the longer-term implications and remediate the shorter-term shocks.

To evolve and transform in the long-term, retailers will need to build upon lessons learned from the short-term actions and ensure operations leverage relevant emerging technologies. For instance, implement live commerce technology within digital channels to link online customers with store or call center associates in the likely event of sustained reduction in-store traffic. Additionally, automation and robotics applied to repetitive tasks will help to support increases in digital orders and minimize person to person contact when necessary.

70% of the retailers in India expect the business recovery to happen in more than 6 months due to the ongoing COVID-19 crisis which has hit the retail sector of the country hard, said a survey by Retailers Association of India (RAI). The survey titled, ‘Impact of COVID-19 on Indian Retail,’ said that 20% retailers feel that business recovery will take more than 12 months.

Retailers Association of India conducted this survey among retailers to gauge their view on the impact of COVID-19 on their business and manpower. The survey was filled by 768 respondents across India, Retailers Association of India said. Small Retailers are expecting to lay-off 30% of their manpower going forward, this number drops to 12% for medium retailers and 5% for large retailers. On whole, retailers who have taken part in the survey expect the layoff in the tune of about 20%, said the survey.85% of the retail
costs are fixed costs, which is putting several financial pressures on retailers. The industry is experiencing severe liquidity challenges which can lead to large scale unemployment. The cash inflow of the industry has come to a standstill, while the fixed operating costs remain intact.

This situation of policy versus pandemic is to be the re-enactment of Toynbee’s conception of history as a record of ‘challenges and responses. But as usual the challenge has been faster and more potent than the response despite all our vaunted progress in areas like crises/disaster management.

The basic problem is that man has not changed. He continues to be selfish and narrow. Our social sense and the ideas of fair play and concern for the fellow man has been proved cosmetic as evidenced in the distress – buying over the first week of the emergency. Money withdrawals from banks went up, production closed, distribution was thrown out of gear by over-protective regulations in transport; the devils of hoarding and profiteering re-entered the market, price levels shot up due to engineered scarcity in spite of bureaucratic checks and sealing of shops. Every middle-class household in turn became a mini grocery store; the poor were left in the lurch. The Government stepped in with doles and free rations. But the inadequacies in the public distribution system surfaced with large sections of unorganized migrant labour being left out of the system. Panic migrations in starvation and want and corresponding controls have led to population mobility versus sealing of borders. Inter-district and inter-state flow of the essentials of life has broken down leaving even well-meaning retailers in a fix.

Well this is only part of the picture- that of finished goods. Looking at the agrarian front on sees another story - a glut of goods, the sheer inability of the retailer to meet his suppliers as well as customers due to restrictions in movement. Fruits and vegetables rot in farms and godowns while a hungry population is craving for them. The scenes we see on the TV screen of overcrowding in markets, the desperate attempts of the administration to reorganize and relocate sales outlets to ensure social distancing and clinical isolation- all point to the way we have bungled along so long in retail marketing. We are today awake to the need for better planning and maintenance of market amenities. However, there is a better picture in villages and small towns. We see a thankful exchange of goods and a revival of the old village economy with the producer and the consumer meeting at the latter’s doorstep. This direct contact without intermediaries is to the mutual benefit of producer and consumer, - a left-handed blessing of CORONA

But ours is still a heavily money-based economy. If people are to buy, they should have cash. And here lies the greatest problem of all. When all economic activity is forced into a temporary paralysis the work force, especially the casual worker and his tribe lose employment and is reduced to semi starvation levels.
COVID has thus precipitated the underlying contradictions in our economic order. Assistance must reach such marginalized sections if they are to reach the retail market as prospective buyers. It is heartening to note that the Government and the NGOs are undertaking all-out efforts to meet the situation.

Since the retailers deal with many consumers of many different categories, the role of retailers in the physical distribution of goods is clearly of vital importance. The retailers act as a link between the producers or wholesalers on the one hand and the consumers on the other. Without retailers, neither the products would sell in distant places, nor would it be possible for consumers to buy goods of their choice in shops located nearby. Due to large-scale manufacture of a wide variety of consumer goods and the necessity of making them available to individuals living in distant villages, cities and towns, retailers are now regarded as the most important middlemen in the chain of distribution of goods.

CHANGES IMPACTING RETAILING IN INDIA BY COVID-19:

In the global scenario marketing eras has evolved on account of the economic and business pressures which emphasized on adopting a number of managerial measures so as to satisfy consumer needs and earns their long-term loyalty.

- The level of economic growth throughout the twentieth century
- Improvements in the standard of living
- Increase/enlargement of the population
- A dramatic improvement in the educational standard of the people
- Increase in the discretionary time of the consumers.

RETAILING IN INDIA

For centuries now, India has been operation within her own unique concept of retailing. Retailing in its initial period was witnessed at the weekly hats or gatherings in a marketplace where vendors put on display their produce. Of course, this practice is still prevalent in many towns and cities in India. Then the market saw the emergence of the local baniya and his neighbourhood ‘kirana shop’. These were the common local mummy-daddy or multipurpose departmental stores, located in residential areas. Such shops stocked goods with multipurpose utility and were with the vision of providing convenience at the doorstep of the consumer.
However, the post liberalization era, saw retail industry undergoing a revolutionary change. The changes in the organized retail industry are visible in the form of new retailing formats, modern techniques, exclusive retail outlets, emergence of retail chains etc.

**Consumers of innovative retailing trends can be attributed to:**
- The rapidly growing middle-class consumers
- Increase in per capital spending by consumers
- Growth in the number of double-income households
- Less time at the disposal of durable income families
- Through media and other communication networks, exposure to world class tastes and preferences of products and brands.
- Rising workforce with global travel.
- Increasing usage of credit / debit cards
- Growing youth population with the ability to study and work simultaneously
- The younger population who are comfortable to transact on online retailing.

**CHALLENGES IN RETAIL BUSINESS**

**Merchandising and pricing:**

As people prepared for the corona virus to hit their communities, there continue to be shortages of basic household essentials and wellness items. Seasonal retailers will also feel the pressure as shoppers continue to stay home. Adapting merchandising processes and pricing strategies to mitigate scarcity, waste and price gouging are of paramount importance.

In the short-term, Gartner recommends setting consumer purchase limits and controls for surging and alternative products across all stores; and auditing controls of automated pricing systems to ensure it stays within reasonable constraints. In the long-term, existing technology can be scaled up or down to meet retailer needs. Retailers should automate predictable consumer actions and create store-specific assortments based on local customer requirements. Moving forward, they must work closely with suppliers to forecast product demand.

**Workforce:**

Retailers, who plan only for the current, expected high level of disruption to the workforce caused by COVID-19 will be at a competitive disadvantage in the long run. Use the current pandemic to plan not only for immediate business continuity, but also to develop a strategy to increase operational efficiency in the
digital workplace for competitive advantage. Short-term opportunities include extending an employee awareness campaign on personal hygiene and sanitation across a variety of communication platforms. In the near to long term, enterprise collaboration tools can be scaled to allow employees across networks to have real-time communication with each other and headquarters.

Organizational Transparency:
Ethical implications for data sharing and transparency with customers, employees and suppliers are paramount. Failure to do so could result in permanent brand damage. In the short-term, reinforce the presence of business continuity/disaster recovery teams, procedures and protocols and ensure clear and consistent messaging is coming from a single, authorized source of truth.

CONSUMERS BEHAVIOURS DURING THE PANDEMIC MAY BECOME PERMANENT

➢ Transition to Digital

Even before the pandemic, the most profound behavioural change in commerce was the shift to digital shopping. Many product categories had already been significantly disrupted by digital over the past two decades (books, entertainment and consumer electronics), while others, like apparel, and were earlier in their transition to digital. Most importantly, one of the largest consumer categories, grocery, was still nascent in terms of its transition to digital.

The COVID-19 pandemic is rapidly accelerating the transition to digital commerce. As consumers are being asked to practice social distancing, e-commerce orders for groceries and other essentials have become a survival tool for the first time.

➢ Germaphobia

The pandemic will likely not end with the eradication of the SARS-COV-2 virus, but rather due to an abatement of cases thanks to herd immunity, and eventually, a vaccine. COVID-19 or variants could re-emerge seasonally, and an entirely new pandemic remains a possibility. Face with this new reality, consumers are likely to be more germ cautious than ever before. No-touch deliveries may become the new normal. Bulk self-service food items, communal buffets and salad bars are likely to be less popular.

In-homing

Consumers that learned to cook while quarantined at home may continue to do so. Consumers that broke their daily Starbucks habit may not return to it. Those that bought a peloton
bike are unlikely to resume their gym membership. Families that added a streaming media subscription may choose to keep it.

- **Brand loyalty**
  
  As grocery shelves for popular items sit empty, consumers brand preference erodes. You may prefer charmin toilet paper, but when confronted with the reality of not having toilet paper, any brand will do. COVID-19 is forcing consumers beyond their preferred brands like never. Those consumers could emerge from the pandemic with entirely new brand preferences or lower overall brand loyalty.

- **Hoarding hangover**
  
  Several product categories were aggressively shopped as consumers rushed to stock their homes in preparation for shelter in place orders. Some of these products, like toilet paper and cold medicine, are unlikely to be consumed as quickly. The result will be a delayed decline in sales in those categories as consumers work through their home inventory.

**COVID-19 SOLUTION CHALLENGE**

“The Virus is a known unknown. The situation is evolving rapidly. We are taking very tough decisions. Some assumptions will hold some may not. We will have the ability to change things as we go. In a country of 1.3 billion people, to do things we have done requires tremendous courage”.

Government of India is taking all necessary steps to ensure that we are prepared well to face the challenge and threat posed by the growing pandemic of COVID-19 - the Corona Virus. With active support of the people of India, we have been able to contain the spread of the Virus in our country. The most important factor in preventing the spread of the Virus locality is to empower the citizens with the right information and taking precautions as per the advisories being issued by Ministry of Health and Family welfare. Further, we are also getting inputs regarding individuals and companies who have developed technologies and innovative solutions. Bioinformatics datasets, Apps for diagnosis etc., that can be leveraged for strengthening the fight against Corona.

This is a very trying period for retailers across the globe. Reports suggest that it will take 5 or 6 months for the world to recover completely from the impact of this pandemic in India, we are still in the critical phase of a national lockdown.
After this pandemic, we believe that Indian retailers across sizes will understand the power of Omni channel digital transformation. In the long run, consumer brands particularly should increase the percentage of their ecommerce business and deploy Online-to-Offline model strategy of reaching consumers across touch points to prevent retail business from closing.

Suggest there are five key areas where retail business should be focusing their attention in today’s highly-fluid social, economic and health environment.

1. Managing demand fluctuations:
   In ‘red zone’ markets where the virus is spreading, virtually every retail outlet except grocery stores and pharmacies - has shut doors. Even those markets not under quarantine orders have seen a precarious drop off in physical footfall in retail outlets and malls.

2. Shoring up the cash reserves:
   Retailers, particularly those with physical footprints, are rethinking their current cash positions and trying to assess how they will continue to pay the bills should the downturn in demand continue for a prolonged period. Retailers should be taking a close look at their current and predicted liquidity profile and assessing any changes in their working capital dynamics or short-term cash forecasts.

3. Protecting the people:
   The COVID-19 virus has already led to several workplaces shut-downs and quarantines. Retailers must have a plan that ensures the safety of the employees while also trying to maintain business as usual activities. Beyond simply creating a crisis communications plan, retailers should be thinking about how they will manage their workforce under various scenarios.

   China’s experience shows how innovative companies might address these challenges; during the height of the outbreak there, grocery operators temporarily hired thousands of restaurant employees who were idle due to restaurant closure to help meet spikes in demand. Other companies have been moving employees around the organization to fill gaps and relieve overworked departments.

4. Thinking about the longer-term supply challenges:
   While grocery retailers are trying to manage significantly supply challenges due to consumer panic buying and resulting stock-outs, most non-food retailers are not yet feeling the full impact of supply disruptions; drops in demand coupled with long lead-times and inventory warehousing means that short-term supply is generally not a problem.
REFERENCES:


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