

Unleashing the Power of Instant Retail: Mitigating the Impact of the COVID-19 Pandemic on Consumer Online Purchasing Behavior

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Extended Abstract

The COVID-19 pandemic has brought unprecedented challenges to the global economy, profoundly impacting consumer behavior and disrupting established patterns of online shopping. This study aims to investigate the effects of the pandemic on reduced online consumer spending and proposes strategies that retailers can adopt to counteract these effects.

The data used in this study were obtained from the big data center of JD Daojia, a digital retail platform. These data consist of real and comprehensive information generated by consumers during their browsing and interaction processes, allowing for an objective and accurate reflection of consumer behavior and preferences during a certain period. For the purpose of this research, a random selection of 9,958 consumers with purchase records retained on the platform after the COVID-19 pandemic (from May to November 2020) was made. Hundreds of thousands of transaction records were extracted for each consumer during this period. Each transaction record includes dimensions such as the store where the order was placed, the touchpoint (order entry), product name, category tag, purchase quantity, product unit price (listed price and actual payment price), order amount, delivery distance, and delivery time (order time and delivery time). The data encompassed three retail enterprises, 49 retail stores, and 887,000 products across Beijing, Nanchang, and Changchun. Additionally, the study obtained the monthly cumulative search and browsing frequencies of these consumers on the platform to reflect their information search processes. Consumer and store characteristic information was also obtained from the platform's big data center with the necessary authorization from individuals and enterprises. Any privacy-related data were anonymized and standardized to ensure data security. The final sample size consisted of 35,485 observations.

Through a comprehensive literature review and analysis of consumer behavior data, it was observed that the pandemic-induced fear and uncertainty have significantly reduced online consumer spending. Several factors contribute to the decline in online consumer spending during the pandemic. First and foremost, the prevailing fear and uncertainty surrounding the virus have led consumers to exercise caution and reduce non-essential purchases. The economic repercussions of the pandemic, such as job losses and financial instability, have also constrained consumer budgets and discretionary spending. Furthermore, logistical challenges arising from disrupted

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supply chains, delayed deliveries, and increased shipping costs have affected the overall convenience and efficiency of online shopping.

However, this paper suggests that retailers can employ several effective strategies to mitigate the adverse effects of the pandemic and encourage online purchasing behavior. Distinguishing itself from existing research, this study utilizes order data provided by the Daojia platform, allowing for a further deconstruction of the Daojia business model. It enables a deep exploration into which characteristics of online retail services can enhance consumer spending, particularly during the time when the pandemic has negatively impacted consumer behavior.

Firstly, increasing touchpoints between retailers and consumers through enhanced customer engagement can help build trust and alleviate fears associated with online shopping during the pandemic. Retailers can leverage social media platforms, personalized marketing campaigns, and proactive customer support to establish a strong connection with consumers. Secondly, expanding product categories and diversifying offerings can attract a wider range of consumers and cater to their changing preferences and needs. Retailers should identify emerging market trends and adapt their product portfolios accordingly, ensuring a comprehensive range of options to satisfy consumer demands. Thirdly, optimizing the online shopping experience is crucial for encouraging consumer engagement. Retailers should invest in user-friendly interfaces, efficient search functionalities, and personalized recommendations to enhance customer satisfaction and improve conversion rates. Furthermore, collaborations with logistics providers and implementing contactless delivery options can address consumer concerns regarding product safety and convenience during the pandemic. Retailers can enhance their delivery networks and prioritize strict hygiene measures to provide a seamless and secure shopping experience for consumers. The research findings indicate that rapid, dedicated, and professional delivery services are beneficial for consumer households to increase their shopping frequency on the platform, with a particularly notable impact on non-essential product categories.

In conclusion, while the COVID-19 pandemic has resulted in reduced online consumer spending, retailers have the opportunity to counteract these effects by increasing touchpoints, expanding product categories, optimizing the online shopping experience, and ensuring safe and efficient delivery. By implementing these strategies, retailers can adapt to the changing landscape of consumer behavior and thrive in the face of adversity. Future research should explore the long-term impacts of the pandemic on consumer behavior and assess the effectiveness of these strategies in a post-pandemic world.