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## Issues And Challenges Of Online Shoppingactivities On The Impact Of Corona Pandemic :A Study On Malaysia Retail Industry

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### Abstract

The retail industries are among the prominent casualties of the COVID-19 pandemic, as people adjust to the new normal of online shopping and working from home, which has lowered demand and business volume of the industry in the short term. Due to online initiatives and lower business volume, businesses are considering downsizing wherever possible as people adapt to the new norm. New approaches to shopping, which leveraging technology and increase consumers' desire for lifestyle experiences while shopping, are currently posing a challenge to traditional shopping. Therefore, this paper aims to provide an overview on the issue and challenges of online shopping activities on the impact of Pandemic Covid-19.

**Keywords:** Issues, Challenges, Online Shopping, Covid-19, Retail, Malaysia.

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### Introduction

Human activities have been thrown into disarray as a result of the Covid-19 pandemic. This pandemic has also increased the sense of philanthropy and brought people closer together in fight for survival. The nation came together to observe the standard operating procedures (SOP's), which included maintaining social distance, wearing face masks in public, and washing their hands with soap on a regular basis (Ministry of Health, 2020). On March 18, 2020, the Malaysian government has imposed Movement Control Order 1.0 (MCO) as the first action to respond to the super-spreading disease, with interstate travel prohibited and the nation placed under total lockdown. Following that, the government imposed an Enhanced Movement Control Order (EMCO) for severely affected areas, as well as a Conditional Movement Control Order (EMCO) and a Recovery Movement Control Order (RMCO) to allow the nation's business industry to breathe again (Ministry of Defence, 2021).

The silver lining of this new norm, many researchers believe is the uptrend of e-commerce. It can be seen with the rise of 9.3 percent rise in e-commerce value starting in April 2020. Furthermore, the first two quarters of 2020, approximately 79,274 SME have enjoyed beneficial sales through e-commerce (Ministry of Domestic Trade and Consumers Affairs, 2020). One of popular platform of e-commerce are "Shopee" together with Ministry of Finance and Malaysia Digital Economy Corporation deliver their effort to educate consumer to buy essential items during MCO by launching ringgit-to-ringgit Penjana Shop Malaysia Online campaign. Consequence of this effort, survey shown entrepreneur able to generate RM3950 on monthly average and mostly women by 72% (The Malaysian Reserve, 2021). Nonetheless, increased demand for online shopping and businesses has resulted in increased demand for courier service exports under Transport during this pandemic. Despite this, the modern normal of working from home has increased imports of telecommunications, machine, and information services, as well as subscriptions to streaming online movies (Department of Statistics Malaysia, 2021). As a result of the government's reluctance to allow retailers to open during MCO, retail properties that make money from ticketing, such as movie theatre, fun park and sport arena were experiencing a serious shortage of demand and decline in their sales revenues.

Counterbalance for this circumstance, on 6 April 2020 Malaysian Government announced the Prihatin Stimulus Package to lessen the burden of retailer by granted rental discounts to small and medium-sized commercial entities to small and mid-sized businesses (Razak, 2020). In addition, Government encourages private landlords to provide at least 30% of their tenants with a rent reduction and they will enjoy a tax reduction for the rental deduction provided (WeCorporate, 2020). This opportunity will help surviving the smaller businesses as well as the tenants.

### Online Shopping Activities in Malaysia Retail Industry

Online shopping is currently experiencing what can be described as flourishing with the growth and associated benefits of e-commerce. In Malaysia, online purchasing is gaining popularity among consumers. According to Simon and Sarah (2019), 80 per cent of Malaysian purchased a product/service online. The convenience offered by websites such as practicality as well as reduced time and energy has strengthened buyers' intention to make online purchases (Ratih et al. 2020).

According to Malaysian Communication and Multimedia Commission (MCMC) (2017), online shopping ranks 11th among the top 15 factors for Malaysia's access to the Internet and buying products such as toiletries, pharmaceuticals, cosmetics and services like finance, investment and industry. Many initiatives and programs in Malaysia are carried out by the government to promote e-commerce. One of the industries performed as part of the Malaysian government policy in e-commerce is "making digital tangible" that aims to enable Malaysian businesses to move towards. Besides, recently, Malaysian government has announced shop Malaysia online, an initiative under the national economic recovery plan (PENJANA) to boost growth of the digital economy digitization (Malaysia Digital Economy Corporation, 2020).

Despite all of this, Malaysia is always at the initial stage of eCommerce maturity, and it lags behind other Asian countries such as Singapore, Malaysia Digital Economy Corporation (MDEC), 2019. The study by MCMC (2017), also reported that there is only 48.8% of Malaysian consumer engaged in online shopping. This statement was supported by Malaysian Communications and Multimedia Commission (MCMC) which found there is 79.9% prefer to go to physical store for the main reason for not shopping online.

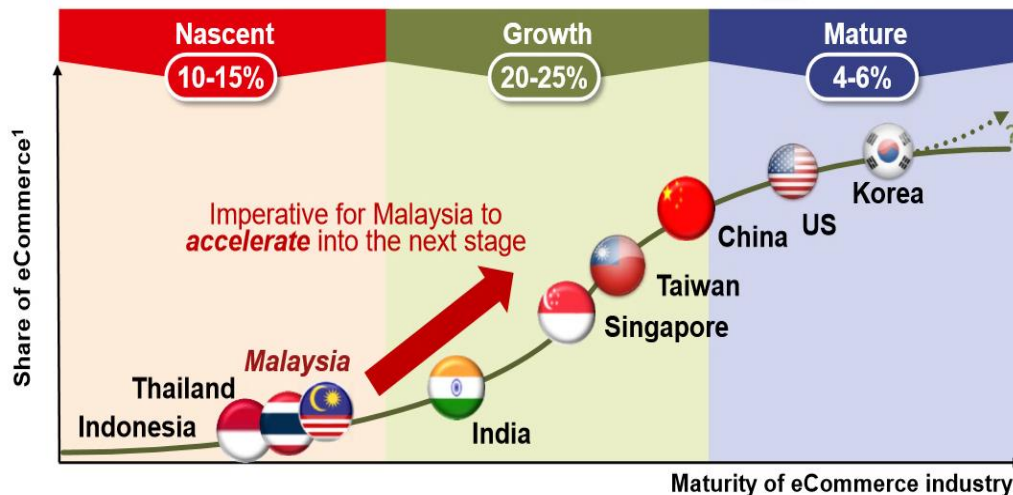


Figure 1: Evolution of E-Commerce

Source: Malaysia Digital Economy Corporation (MDEC), 2020

However, due to pandemic covid-19 the consumer has shifted to the online store to purchase products/services. The pandemic has significantly accelerated the adoption of e-commerce worldwide. The pandemic has accelerated the shift towards a more digital world and triggered changes in online shopping behaviours that are likely to have lasting effects (United Nations, 2020). According to a survey conducted by Rakuten Insight, 34 percent of respondents stated they made more online purchases online during the pandemic (Statista, 2020). Similar study stated that 73% of Malaysians said that the outbreak of the Covid-19 pandemic has made them more positive about online shopping (Syahirah, 2020).

As a result of the changes in consumer attitude towards online shopping, the retailer needs to keep abreast of those changes. Changes to these attitudes depend on the environment they go through (Aminah et al., 2021; Azlisham et al., 2021; Firkhan et al., 2021; Roszi et al., 2021; Ishak et al., 2021; Een et al., 2021; Saadijah et al., 2021; Yusaini et al., 2021). In addition, leadership also exerts influence on consumer behavior (Norazmi et al., 2019; Norazmi, 2020; Fauziyana et al., 2020; Zaid et al., 2020; Fauziyana et al., 2021; Zaid et al., 2021). Therefore, According to Abeam consulting (2020) some of retail businesses handling food and daily necessities tried to induce customers to use electronic commerce by placing orders online for in-store pick-up. In a recent live poll conducted during a webinar for the retail sector, 70% of the respondents shared that they are prioritizing online sales to improve their sales results in the immediate term. The survey respondents recognize that there is a

need to reinvent themselves towards digitization (Digital news Asia, 2020). One of the major challenges of today's retailer is that they must know with whom they are dealing and who is their actual target market (Azharee, 2020). Besides, the consumer wants new ways to track their money digitally (Syahirah, 2020).

### Conclusion

As a conclusion, COVID-19 pandemic had turned 360 traditional shopping and it had to challenge people into new norms practices. Malaysia seen the pandemic has trigger positive opportunity in digitalization in online shopping, food handling service and courier services. The government made a decision to strengthening digital economy and had been created, recently, through programs under Government are namely PENJANA and it is aligned with embarking e-commerce for entire worldwide.

As a result, most Malaysian consumer buying attitude and behaviors have change in dramatically to online shopping during pandemic, where they belief and feel more convenience, save time, energy effective, safe and with restriction movement control order by government. It was seen a positive vibe and the growing of digitalization industry would spike the Malaysia economy as well. However, Malaysia still considers at the initial stage in the ecommerce maturity, and still behind Singapore and other ASEAN countries. A long time to go and more challenges in digital market would Malaysia cater in few coming years in the future so, this is first step challenge and opportunity to retail industry to change, explore and use online shopping platform in order to meet potential buyer. Furthermore, it is also found another challenge to retailer nowadays, to find who is their target market because online shopping will be penetrate market for year to come as change in buying preference methods by customer.

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