

Analysis and Research of COVID-19 as a Turning Point of Online/Offline Integration in the New Retail Industry

Simin Li^{1,a,*}

¹School of social science, University of California, Irvine, CA 92697

a. siminl8@uci.edu

**corresponding author*

Abstract: The impact of Covid-19 has changed people's lives dramatically. Health factors and government quarantine orders have limited industry-wide growth. In the retail industry, the change in the shopping environment has led to a change in consumer behavior. The flexibility and variety of products offered by online shopping are increasingly meeting the needs of most people. This paper will further discuss the possible convergence of the new retail industry by examining the consumer behavior during COVID-19 and thus analyze the further development of the new retail industry online and offline. This paper uses a survey method and functional analysis, and through the research, found that the consumer-focused digital transformation will continue after the end of Covid-19, and with it will come the question of how companies can maintain innovation and grow steadily.

Keywords: new retail, internet, digital transformation, virtual experience

1. Introduction

Covid-19 still raging around the world and continues to have a huge impact on major economies, and consumers around the world are forced to try new lifestyles and habits. Both online and offline channels, the dominant models in the retail industry, still need to change further to maximize consumer demand. During Covid-19, retailers and brands need to work hard to adapt to the dramatic changes in consumer patterns on the one hand. On the other hand, the enterprise needs to assess the impact of these changes on their marketing strategies and profits. This paper focuses on the development space and opportunities faced by companies after Covid-19, especially on the changes Covid-19 brought to the retail industry. This paper also analyzes the changes in consumer shopping habits before and after Covid-19 and how Covid-19 as the turning point push the development and innovations of new retail. This paper has great reference value for researchers who want to explore the transformation of the retail industry during the epidemic.

2. Introduction to the Combination of New Retail Online and Offline

With the rapid development of Internet technology, many offline companies have opened up online purchasing channels. The difference between new retail and traditional retail is that the main body of traditional retail is around the product, while the main body of new retail is around the consumer. In the new era of retail, the efficiency of the transformation and upgrading of the retail enterprises had been significantly improved, and their development had entered the new normal. The transformation

of the real retail enterprises had been accelerated, and the growth of different types of industries had been obvious. Under the new consumption groups, the structure of the retail goods had been constantly improved and upgraded [1]. The use of readily available, online products with unique incentives ensures the sustainable development of online marketing. Retailers are born as a platform business, connecting bilateral or multilateral markets. New retail is a super species that evolve from a traditional franchise chain store to a sharing economy platform, and the sharing economy will become the idle asset management platform with the highest returns [2]. New retail is a new retail ecosystem consisting of data, supply chain, logistics, payment, and finance [3]. It is constantly improving, leading to the rapid development of multiple new retail formats for segmented people, categories, and markets, and the emergence of a number of new retail benchmark companies with development potential. People can use big data to better provide the basis for omni-channel integration and multi-category product offerings to maximize the economy and meet the changing needs of consumers.

3. Changes and Analysis Brought to the Retail Industry by Covid-19

3.1. Changes Brought by the New Retail to the E-Commerce Industry

Before Covid-19, the traditional offline retail service industry was stable and continuous, and the new crown virus had completely changed people's life. People's demand for online shopping increased day by day, which brought an unprecedented impact to the offline retail industry. Compared with the traditional offline retail industry, HEMA is a cash-free supermarket driven by the Internet and technology. It was designed to provide a mixed online and offline consumption experience, making groceries more interesting. HEMA had better merge the characteristics of online and offline and created a unique operation mode. First of all, customers could go online shopping through mobile apps. After receiving orders online, the offline stores would use modern logistics transmission belts to ensure the quality of goods and reduce the waiting time of customers. HEMA covered the ideal living community within three kilometers, which meant that online orders were less than or equal to 5 kilometers of distribution, and they would be delivered within 30 minutes, and the time of each link would be strictly controlled. It was efficient and convenient to attract a large number of potential consumers, which were the huge benefits brought by the new retail. Meanwhile, through the application of big data, the Internet and automatic technology, the company introduced advanced equipment and facilities to make every store capable of management, so as to realize information visualization and integration. HEMA used digital marketing to track the actions of the customers off the line, and combined them with their online data storage to create a unique shopping experience [4]. JD.com, as a large online shopping platform in China, was also changing in order to deal with the challenges brought by the environment. In order to gain market share, JD.com actively explored a new marketing mode online, which maximizes shopping flexibility. For example, price protection. The purpose of this agreement was to retain online customers, maintain their influence, and at the same time meet the guarantee that offline shopping could not provide. The price of the goods online would fluctuate when it was close to the holiday, and offline shopping could not guarantee that the customers would enjoy the maximum discount. In the JD.com mall, people could apply for related services under the category of price protection.

3.2. Analysis of Changes in Consumer Shopping Habits Before and after Covid-19

More and more people had to stay at home at the beginning of the pestilence, which directly affected the structure of the entire retail industry. Before the pestilence, people preferred to go shopping off the line, because the offline environment can bring them a lot of support services, which can greatly meet the psychological needs of consumers. What's more, it can bring people new social activities

and new knowledge, and have a more intuitive view to feel a variety of life. During the period of the pestilence, consumers enjoyed more online services. The global e-commerce sales had risen to 26 trillion and 700 billion dollars, which made online consumption gradually become the mainstream. To figure1 below, in 2019, the value of Business to Business(B2B) in the world was 21 trillion and 800 billion dollars, 82% of all e-commerce [5]. Due to the strict control in many areas during the pestilence, people's chances of going out were reduced, and they were getting more and more attention to the hidden health problems. This was unprecedented for any industry. For enterprises, online consumption could help them better analyze and meet the needs of customers. It could better control the transaction process, record and analyze customer information, so as to bring a better sense of shopping experience for customers and achieve the goal of a comprehensive analysis of goods.

Table 1: Online retail sales, selected economies, 2018-2020. [5].

Economy	Online retail sales (\$ billions)			Retail sales (\$ billions)			Online share (% of retail sales)		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Australia	13.5	14.4	22.9	239	229	242	5.6	6.3	9.4
Canada	13.9	16.5	28.1	467	462	452	3.0	3.6	6.2
China	1,060.4	1,233.6	1,414.3	5,755	5,957	5,681	18.4	20.7	24.9
Korea (Rep.)	76.8	84.3	104.4	423	406	403	18.2	20.8	25.9
Singapore	1.6	1.9	3.2	34	32	27	4.7	5.9	11.7
United Kingdom	84.0	89.0	130.6	565	564	560	14.9	15.8	23.3
United States	519.6	598.0	791.7	5,269	5,452	5,638	9.9	11.0	14.0
Economies above	1,770	2,038	2,495	12,752	13,102	13,003	14	16	19

3.3. Feedback from Customers Online and Offline for the New Retail Industry Line and Industry Change

Under the background of economic recovery, people's life was slowly returning to the level before the pestilence, and the retail industry was also facing a new round of innovations. According to the consumption method chosen by the consumers, from 2020 on, more than 40.62% of the consumers tended to spend on the Internet; 32.85% of the consumers chose real stores; And 26.53% of the consumers would choose the new retail [6]. It could be seen that the pestilence had promoted the development of new retail and accelerated the online consumption of customers' daily life. Under the influence of pestilence, more than half of the daily consumption was more inclined to online consumption, and the daily consumption was rational and conservative. However, in the new retail mode, the offline stores were still irreplaceable. The online shopping platform had reduced the resistance caused by the shopping environment, and online consumption had accelerated under the influence of pestilence. The growth of the traditional offline channels quickly withstood the new round of pressure, but the feeling of experience and quality service brought by the offline physical stores to the consumers, and the social nature were still irreplaceable for e-commerce. In the experience economy, the offline stores created an immersive shopping scene for the customers. The physical stores provided the customers with a full range of physical use experiences, and the goods

could be bought and taken away at any time. The on-site shopping guides, after-sales maintenance services, and so on, at the same time to meet the emotional needs of the customers. In a high-quality economy, offline physical stores attracted high-quality consumers. When consumers bought online, they paid more attention to the price performance. The offline stores represented high-quality consumption. The consumers had a high degree of acceptance for high-quality goods, and they paid more attention to the customized service of buying goods. In the social economy, word-of-mouth about offline stores could be spread more widely. The consumers had high trust in the recommendation from the same age, and the marketing could be achieved through offline stores.

4. Covid-19 was the Turning Point of the New Retail

4.1. How to Push the Development and Innovations of New Retail

Under the background of the new retail, expanding the real retail channel is a part that we can't ignore. In order to realize the digital transformation, real retail gradually turned into online digital channels. For example, there were also some enterprises that launched online and offline sales channels in order to make it convenient for customers. However, in reality, it was still divided online and offline. The products, business and personnel management hadn't been unified yet [7]. The digital transformation channels of real marketing in China were gradually transferred from the initial e-businessmen to the mobile e-businessmen and the social e-businessmen. In the development process, the combination of online and offline was achieved, and the online and offline ecological circle was created to achieve the effect of sharing. The new retail industry had built an ecological chain of the all-channel industrial platform. The production, sales and transportation were combined online and offline, forming the industrial structure of the new retail mode. With the popularity of digital technology in the real retail industry, the two online and offline channels could be connected, and the maturity of the Internet Conditions of the industry could be improved. It could directly face customers and create a new operation mode [8]. Under the background of the digital transformation, the real retail industry began to turn into intelligent applications. It had originally paid more attention to the channels, but now it had become more focused on the consumers. In this way, it could play the role of guiding the needs of the consumers, so that all the real sales products, customer behaviors and users could meet the digital requirements and expand the scope of the entire industry chain with the help of the digital technology.

4.2. Future Development of the New Retail Industry

In the context of new retail, the combination of online and offline, platforms and social media integration, consumer buying behavior and consumption habits become an important pillar of enterprise development. In-depth analysis of customers is particularly critical, deep mining of customer data can effectively help enterprises to carry out accurate marketing, in the content of customer data information, including the analysis of market prospect law, but also includes the maintenance of existing customer needs. In the content of customer data information, including the analysis of market prospect law, but also includes the maintenance of existing customer needs. Enterprises need to dig and search for potential consumer groups through in-depth analysis and establish an all-around and multi-dimensional personalized user management mode, so as to effectively expand the scope of precision marketing and promote the upgrading of enterprises in the context of new retail. The consumption model after Covid-19 may take a new form, i.e. Combining the characteristics of online and offline consumption scenarios to provide consumers with an integrated and seamless omnichannel shopping experience.

5. Conclusion

This paper mainly studies the analysis of Covid-19 as the turning point of the combination of online and offline of the new retail industry. Before Covid-19, the market was stable. After Covid-19, new opportunities are emerging in the new retail ecosystem. New consumer behaviors are shaping new consumption patterns. On one hand, Global retailers must adapt to a retail environment where the physical and digital worlds seamlessly merge and consumers can choose to live, work, travel, play and shop where and how they like, whether online or offline. The new retail of the future will be a seamless combination of physical and virtual elements. The companies of the future will need to combine the best online and in-store experiences to meet consumer needs, enable a good shopping experience, reduce costs and cut down on the parts that consumers don't like. Looking ahead, as the impact of Covid-19 fades, moving into a new era of online and offline integration. Consumer confidence in companies and long-term behavioral shifts continue to drive the transformation of new retail in the wake of the epidemic. For consumers, the two-year epidemic has taken freedom out of the equation, and behavioral shifts, forced or voluntary by consumers, will become habitual, redefining the consumer market. Insightful consumer goods companies will keep an eye on these permanent shifts and adapt to survive and continue to grow.

Due to the limitation of data, more domestic and foreign cases are not combined to deeply discuss the specific difficulties encountered by retail enterprises when they switch from offline to online. Future research can be combined with the virtual marketing metauniverse.

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