

COVID-19 PANDEMIC: THE IMPACT ON E-COMMERCE AND CONSUMER BEHAVIOR IN PAKISTAN

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Abstract

The study is aimed at identifying the effects of COVID-19 on e-commerce businesses to gain a better understanding of how to sustain and improve the business in a hard-hit economic situation. Coronavirus is a very harmful virus, and it spreads very fast from human to human. The virus is fatal and brings many people to death in Pakistan. So, business communication is badly affected. Consequently, business transactions decreased so as economic growth. The survey research is used to collect the data via adopted scales from employees. The findings show that COVID-19 has brought a negative impact on e-commerce businesses. On the other hand, buying behaviour has a significant relationship with e-commerce. It has affected all kinds of businesses, including the SMS sector as well as online businesses.

Keywords: *COVID-19pandemic, E-commerce, E-business, Customer behaviour, Pakistan*

Article History

Received:

Accepted:

Published: 31 October2022

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Introduction

E-commerce is the backbone of the economy. E-commerce is used to increase economic growth all over the world. It is the most important source of increasing the economic growth of Pakistan. E-commerce is described as buying and selling goods and services through the internet, the transfer of money and performing the data. The recent business situation throughout the world, especially in Pakistan, has been affected by the COVID-19 pandemic. As a result, Pakistan stands under a lockdown situation which affects its economic growth. In this study, the researcher attempts to examine the rare consumer behaviour pattern that reflects the current COVID-19 epidemic situation. This research also identifies the transformative behaviour that might come to lead society.

The impact of Coronavirus became a serious topic to be discussed among the public, especially manufacturers. Due to the current COVID-19 situation, the invention is projected very toughly, and the manufacturers are facing decreased demand considerably. For instance, China, as the dominant manufacturing centre for big business internationally, faces distractions in its output

(Meyer, S., 2020). China mostly serves contracts through technology, tools, mechanisms, and communiqué tools. Some disturbances in these parts will distress the country's business.

This epidemic situation creates difficulties in import and export for Pakistan because the products derive from China. The COVID-19 situation brings a highly negative impact on the Pakistan economy. Businesses like chemicals, rubber and, plastics, textiles are disrupted by this COVID-19 situation. Businesses in Pakistan face a shortage of products and cannot fulfil the demands of the customers. Hence, the objective of the study is to find a way to increase the economic growth of Pakistan.

The study also aims to address the following questions.

- Does COVID-19 affect the e-commerce of Pakistan?
- How is this virus affecting buying behaviour through e-commerce of the customer in Pakistan?

Literature review

China's E-commerce has been growing faster than other countries. It has been one of the significant countries to increase the growth of the economy. According to Unctad (2020), the significance of China in the worldwide economy is not merely associated with its role as a manufacturer and trader of the item but the provider of instant items for fabricating firms. Generally, about 20 per cent of fabricating things are derived from China. Other nations, including Malaysia, are facing similar disadvantages due to their dependence on china fabricating items.

The increase in unexpected widespread infection leads to a decrease in the virtual trade ratio. Virtual trades remain affected a bit, for example, private or open division firms of the nation (Adb. 2020). The car industry has been a big hit in terms of its sales globally. After the announcement of lockdowns, self-precautions, and social gaps for the purpose of health protection and improvement, many consumers upgraded their business activities and turned to virtual presentations connected with shopping in Pakistan.

According to an investigation, it has been found that the utilization of virtual trade uses and versatile e-commerce applications have proficient a noteworthy increase in dormant or unused clients. Jebiril, N. (2020) argues that the increase in the number of virtual groups of onlookers has been improving from the month of Mach 2020, the virtual reduction in portable tender's display in alike drift. It has watched the development within add up to several self-motivated customers and modern consumers and give out throughout the second week of March 2020. Moreover, it is expected by analysts that the degree of the self-motivated gathering of people within virtual space would be increased compared with January and February. Within the nation of South Asia, on behalf of illustration, Pakistan, Afghanistan, India, Bangladesh and the like skills have diminished virtual activity on the foodstuff distribution web. In states of other Asian countries like Taiwan, Thailand, Hong Kong and the like, their practices have risen virtual circulation on the foodstuff distribution web. The rise in mandate or circulation indicated by the scholar in March is due to the important upswing in the amount of vigorous or fresh clients or a specified amount of cumulative circulation that has been improved since March 2020.

COVID-19 Pandemic

Coronavirus is known as the foremost irresistible disease which primarily arises after containing mortal through the intense disorder of breathing problems. Severe diseases and maladies have increased; for instance, wellbeing emergencies are widely open to widespread diseases across a number of countries. COVID-19 affects business, and business activities have been hampered to

their critical level. Hence, it accelerates the move toward digital commerce in a critical number. The clients in Pakistan are anticipated to be working in communal separation. COVID-19 is considered as an independent variable in this study, as the whole economy and the whole population have been hit by this epidemic virus situation badly (Varshney. D. &Vashney. N. (2017).

Customer Behaviour

The characteristics of customer behaviour are divided into two parts. The first part of the customer behaviour is in the inter-operational situation, and the second part of the customer behaviour is in the out-operational situation. The first part of the customer behaviour situation holds information about the interest of the existing customers. The second part of the customer behaviour situation is used to annoy the success of this cluster. The success might come from motivating forces and the mental figure of buyers. The implication from observation is clear as the mental possession of data is occupied by the awareness of every person (Mullen and Johnson, 1990). Moreover, Wilkie (1997) argues that the connotation of communication is straightforwardly connected to the information and evidence that a buyer has for merchandise. In this circumstance, the division of the marketplace is a development that could contribute to informal documentation and arrangement of customer groups envisaged by Wilkie (1994) and Pinson and Jolibert (1997) for earlier facts almost predilections or consumer performance. Consumer behaviour has been taken as an independent variable. Liang, F., &Litscher, G. (2020) has found the key motive for the individuality of customer behaviour is that the population approach acts to widespread COVID-19. The important effect of this epidemic is that consumers would adopt essential protections and will highly favour doing so. Consequently, the performance of the Malaysian consumer mostly affects the ultimatum of e-commerce industry actions to countless points. For this specific motive, the consumer should be contingent mostly on the e-commerce stage in instruction to achieve the basic requirements for existence (MoEngage, 2020).

E-commerce in Pakistan

E-Commerce plays a vital role in Pakistan's economic growth. In the last two decades, Pakistan developed the ICT sector by opening the telecommunication sector, making an environment conducive to an extension of its data innovation, empowering the administration industry, and developing a data society with more extensive dissemination of ICTs and the web. Pakistan provides different capital information to more than the 200 million population, to 15-29 age groups. In Pakistan, there are more than 5000 IT companies and call centres, which are growing continuously every year. From the marketable and methodical viewpoint, there are five classifications of e-commerce, (1) Business to Business (B2B), (2) Business to Consumer (B2C), (3)Business to Government or Government to Business, (B2G/G2B), (4)Consumer to Consumer (C2C) and (5)Consumer to Government (C2G). Pakistan needs to boost this sector to enhance its contribution to the GDP. The e-commerce business is being determined into important conditions. The creation of limitations and the decrease in demand for the online platform are due to COVID-19. Ahmad, T., & Hui, J. (2020) have found that customer behaviour depends on COVID-19. So, consumers have curbed the direction of e-commerce methods. This assumes that the only way the country's residents might endure this epidemic is by striving to improve profits from online grocery services. Mehraeen E. et al. (2020) has found the following objectives of the portable tender known as Apologia that would show the daily transfers of popular grocery applications like Wal-Mart Grocery and Ship are pending onward meaningfully preliminary at the end of February.

Conceptual framework

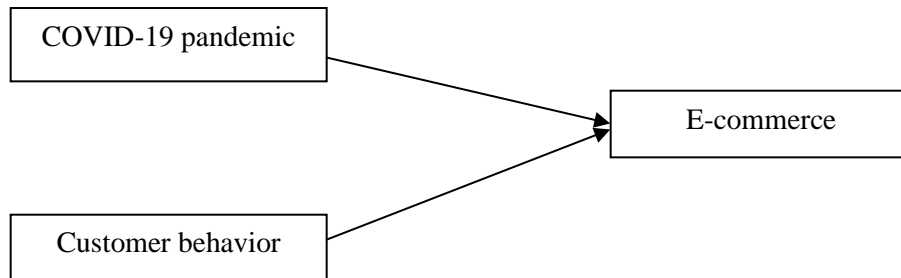


Figure 1: Conceptual Framework

Hypothesis

H1: There is a significant impact of COVID-19 on e-commerce.

H2: There is a positive impact of customer behaviour on e-commerce in Pakistan.

Methodology

The research is carried out to answer the research questions. Firstly, a discussion about the methods implemented in the analysis by using the questionnaire information. Secondly, discussion on how to examine the data in the analysis by using the quantitative analysis approach. The scales are adopted from previous studies. The questionnaire is composed on seven points Likert scale. The data sheet is analyzed using SPSS 24 version by applying descriptive and KMO test statistics. In this study, the researcher uses quantitative strategies and utilizes the positivism analysis paradigm to complete the study. Sampling design is identified as a tool by the analyst for the choice of overview test. The sample size of this research is 100 respondents and comprises the employees chosen on a convenient sampling basis. The respondents are requested to fill out the questionnaire regarding the impact of the COVID-19 pandemic on e-commerce in Pakistan.

Data collection and analysis

In this study, the data is collected through a survey questionnaire. The questionnaire is developed by the researcher from the previous study for the purpose of getting the appropriate information about the impact of COVID-19 on e-commerce in Pakistan. In this research, the SPSS software 24 version is used to analyze the data for causal relationships in the model. The core object of research techniques is to find the outcomes of the hypothesis.

Table 1: Demographic profile of the respondents

	Frequency (f)	Percentage (%)
Gender		
Male	60	60
Female	40	40
Age Group		
21-25	20	20
26-30	38	38
31-35	42	42
Income		
10000-15000	27	27
15001-20000	28	28
20001-25000	45	45
Occupations		
Sale Executive	55	55
Managers	45	45

The table shows the demographic profile of the respondents. Demographic details include gender, age, income and work of the respondents. In the demographic analysis, the frequency of the male gender is 60. The frequency of female respondents is 40. The age group is divided into three groups (1) 21 to 25, (2) 26 to 30, (3) 31 to 35. The frequency of 31 to 35 age group respondents has been greater. The frequency of respondents that have a 20,001 to 25,000 income is greater. And the frequency of the manager is greater than the sale executive. The researcher is permitted to recruit the rate along with the separable ratio of the male and female respondents.

Table 2: Reliability test

Variables	Items	Cronbach's Alpha
COVID-19 pandemic	7	0.966
Customer Behavior	7	0.988
E-commerce	7	0.965

The reliability analysis is used to analyze that either the scales have been reliable. This analysis is used for measuring the data consistency on the scale. In this analysis, Cronbach's alpha is found to be less than 1.00. Cronbach's alpha is found based on data collected from respondents. All the variables' Cronbach value has been >0.7, which shows the reliability of the scales used to collect the data. The data is found fit for analysis.

Table 3: Kaiser-Meyer-Olkin and Bartlett's Test

KMO measure of sampling	.082
Chi-square approx.	1295.322
Df	83
Sig.	.001

Kaiser-Meyer-Olkin and Bartlett's Test is used to analyze the data suitability for the purpose of executing the factor analysis. In this research, the researcher measures the capability of the sample for each variable. In this study, the sig. value is 0.001, which is less than 0.05. The KMO measure of sampling is 0.082. This value is between 0.8 to 1.00. This reproduces the commendable along with the positive data demonstration procedure. The positive hypothesis designated by the investigator should be taken into deliberation by refusing the null hypothesis.

The result shows a positive relationship because the significance level is .000. The Durbin – Watson's value is 1.9, which is between 1.5 and 2.5. The R is .436, and the R square is .190. The adjusted R square is .188.

Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.436	.190	.188	7.94466	1.911

Predictors: COVID-19 pandemic, Customer Behavior

- Dependent Variable: Ecommerce

ANOVA

Model	Sum of Squares	Def.	Mean Square	F	Sig.
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1	Regression	4927.239	1	4927.239	78.064	.000 ^b
	Residual	20955.036	332	63.118		
	Total	25882.275	333			

- Dependent Variable: Ecommerce
- Predictors: COVID-19 pandemic, Customer Behavior

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
COVID-19 pandemic	39.251	-2.938		13.358	.000	33.471	45.032		
Customer Behavior	.302	.034	.436	8.835	.000	.235	.369	1.000	1.000

- Dependent Variable: Ecommerce

It can be concluded from the study that COVID-19 has a negative impact on e-commerce in Pakistan. COVID-19 also negatively influences the buying and selling behaviour of the customer. Epidemic situations decrease the supply behaviour and the shipping processes. The study also indicates the epidemic situation is spreading and affecting e-commerce. The negative behaviour of customers consequently affects e-commerce further in this situation.

Conclusion and recommendation

COVID-19 has emerged as one of the epidemic health menaces. Researchers are trying to find out the reasons behind these epidemic diseases. As per china, this epidemic disease can be undertaken only when retort control policies and strategies are applied. This epidemic disease is deteriorating the nation's situation. The country becomes disadvantaged both in terms of health and economics. Most of the manufactured products imported by China from Pakistan are affected negatively due to the decrease in the shipping processes. This, eventually, affects the economic growth of Pakistan. In this study, the researcher faces some issues and uses some variables only, but the study can be expanded in future. It can be explored further because the COVID-19 situation is increasing day by day, and it will continuously affect e-commerce badly. This research paper is comprised on the impact of COVID-19 on e-commerce in Pakistan. Research results found that this epidemic disease seriously hampered e-commerce. It is recommended that researchers must enhance their research concerning COVID-19 with possible precautions.

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