

AN ANALYSIS OF COVID-19 AS A GAME-CHANGING DEVELOPMENT IN THE NEW RETAIL SECTOR'S CONCATENATION OF ONLINE AND OFFLINE SALES

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Abstract

Covid-19 has had a profound impact on people's lives, and as a result, many things have changed. Anxieties and concerns about the COVID-19 wave somehow persist in 2025 also. Regulated health concerns and preventative measures have hindered industrial expansion generally. The shopping environment has changed in the retail industry, which has led to changes in customer behaviour and the use of technology. Online shopping is booming in popularity, and most customers are happy with the variety of products and the ease of ordering them. This study aims to examine consumer behaviour during and after the COVID-19 event in order to gain a better understanding of the new retail industry's possible convergence. By doing so, the article examines the future expansion of the new retail sector, which is characterised by the convergence of online and physical shopping. Through the application of functional analysis, this research was able to determine that the consumer-centric digital transformation would persist throughout the many waves of the COVID-19 pandemic. Concurrently, it becomes important to consider how stores can gradually evolve while retaining pertinent ideas. To stay afloat in the ever-shifting global marketplace, retail companies are progressively embracing omnichannel marketing tactics.

Keywords: New retail, internet, digital transformation, virtual experience, omnichannel retailing.

1. Introduction

Because the COVID-19 pandemic is still continuing strong and has a large influence on major economies throughout the globe, consumers have to try out new habits and ways of life. To meet consumer demands and maximise retail business revenue, required adjustments have been needed to the prevalent business models in the retail industry, which included both online and offline channels. Retailers and brands, on the one hand, had to work very hard to adapt to the massive changes in consumer habits that happened during the COVID-19 period. When these changes occurred, retailers also had to think about how that might affect their marketing and sales. After COVID-19, businesses encountered new development space and prospects, which are the main points of this article. We focus on the retail industry specifically because of the changes that COVID-19 brought about. Additionally, this study examines the shifts in consumer spending patterns that happens both prior to and following the COVID-19 pandemic. The study also looks at how the COVID-19 pandemic, which is still with us in some form, was a watershed moment in driving the growth and invention of new retail. This paper serves as a great resource for scholars who are interested in studying the retail industry's transformation before, during, and after the epidemic.

2. Welcome to the Future of Retail: A Hybrid of Online and Offline Sales

Due to the exponential growth of the Internet, many long-established stores expanded their sales channels to include online shopping. New retail places an emphasis on the consumer, in contrast to traditional retail's emphasis on the product. There is a major difference between modern retail and old retail in this regard. The development of retail businesses has entered a new normal in the modern period, and the efficiency of their transformation and upgrading has greatly risen. There was a huge leap forward with this. A number of distinct industries' growth was plain to see, and the real retail companies' changeover had been expedited. The structure of retail items has been regularly improved and changed to cater to new consumption groups (Hong, 2022). Online marketing can only continue to expand if it makes use of things that are both readily available online and have unique benefits. Retailers naturally possess the competences necessary to connect bilateral or multilateral marketplaces, as they are a platform business. From humble beginnings as a franchise chain store, new retail will evolve into a hub for the sharing economy, which in turn will become the best platform for managing idle assets and generating profits (Zhai, 2022). Data, logistics, supply chain, payment, and finance are all part of the "new retail" ecosystem (<https://www.36dianping.com/news/6015.html>). Retail formats that target specific demographics, product types, or geographic locations have proliferated in recent years, thanks to the industry's incessant innovation. Furthermore, several new retail benchmark companies with growth potential have surfaced. For retailers, big data means laying the groundwork for Omni-channel integration and multi-category product offers, which means they can make the most of the economy and meet customers' changing needs.

3. What the Retail Sector Has Learnt from COVID-19 and How It Has Changed Things

3.1. The Impact of New Retail on Online Shopping and the Revolutionary Benefits It Usages

Before the new Corona virus devastated people's lives, the offline retail service business was steady and dependable. Customers' insatiable appetite for online buying had an unprecedented effect on traditional brick-and-mortar stores. The proliferation of online shopping and other forms of digital commerce has led many stores to abandon the use of cash. The fact that many stores now offer a hybrid online/offline consumption experience is another perk that makes shopping there more exciting. This is in contrast to the more conventional model of brick-and-mortar stores. A number of retailers have found success by fusing online and offline strategies in order to establish a unique way of business. Through the use of mobile applications, consumers can participate in online purchase. By utilising modern logistics' gearbox belts, offline firms may ensure product quality and cut down on clients' wait times after receiving online orders. This was guaranteed that all online purchases would be fulfilled within the provided time and conditioned to delivery distance would be less than or equal to the specified distance. Additionally, retailers strictly controlled the time of each link. This was due to the fact that numerous stores were located within a specific radius of the ideal residential neighbourhood. Due to its efficiency and convenience, the new retail model is able to draw in a large number of prospective shoppers, which is one of its most notable benefits. Meanwhile, businesses have installed state-of-the-art infrastructure so that any store can handle administration. The goal is to make data visualisation and integration a reality. The use of automation, the web, and big data allowed retailers to do this. A large number of organised stores used digital marketing to track

customers' movements as they waited in line. In order to create a one-of-a-kind buying experience, retailers combined this data with their online storage (Wu, 2021).

3.2. The purchasing habits of customers prior to and following the introduction of COVID-19

A large portion of the retail sector's operational framework was altered when the epidemic first began since more and more people were ordered to stay indoors. Prior to the epidemic, people shopped more often at physical stores because they offered more support services, which helped alleviate customers' emotional needs. This existed prior to the epidemic. Beyond this, it may also open their eyes to different ways of looking at things, teach them something new, and let them participate in social activities they might not have tried before. Customers had additional opportunities to use online services throughout the outbreak. Global e-commerce sales hit a record 26 trillion and 700 billion dollars, signaling the start of the gradual mainstreaming of online consumption. (Retrieved from: (<https://news.un.org/zh/story/2021/05/1083402>). In 2023, experts predicted that the global e-commerce business would be worth 25.93 trillion USD. By 2030, they predict that it will reach 83.26 trillion USD, growing at a CAGR of 18.9% from 2024 to 2030. (<https://www.grandviewresearch.com/>). Forecasts indicate that by 2028, India's e-commerce market will have grown to over US\$ 160 billion. Prompt recovery from the epidemic and enormous growth potential are anticipated to fuel this expansion. Online purchases make up only around 5%-6% of all retail sales right now, which is far lower than the US and China averages. Predictions for India's e-commerce sector indicate that it will reach Rs. 43,435 crore (US\$ 5.0 billion) in FY25 and Rs. 86,001 crore (US\$ 9.9 billion) in FY29. Assuming current trends continue, India's B2B e-commerce sector would be worth \$200 billion by 2030. From 123 billion USD in FY24 to 292.3 billion USD in FY28, the Indian e-commerce sector is expected to develop at a CAGR (compound annual growth rate) of 18.7 percent. Deloitte India predicts that India's consumer market will soon surpass all but two others. Forecasts indicate that the country's e-commerce business would grow from US\$70 billion in 2022 to US\$325 billion in 2030. The main reason for this is the fast growth of online shopping in lower-tier cities (<https://www.ibef.org>). These changes have been prompted or impacted by the epidemic in some manner. The rigorous control measures taken in many locations during the epidemic were drawing more and more attention to the hidden health problems that people were facing. This was due to the fact that individuals' opportunities of going outside were limited. It had never happened before in any field of work. By better understanding and meeting the needs of their clients, retail enterprises might reap the benefits of online consumption. Customers would have a better shopping experience and the goal of performing thorough product evaluations would be met if the transaction process could be better managed and information about consumers could be recorded and examined.

3.3. Feedback from consumers, both online and off, regarding the shifting retail landscape and the new product lines

As people's lives were slowly getting back to normal after the outbreak, the retail industry was also facing a new wave of advances. As this was happening, the economy was showing signs of improvement. As per consumption pattern that customers have chosen beginning in 2020 at the global level, over forty-six percent of shoppers prefer to do their shopping online, whereas approximately thirty-three percent prefer to visit brick-and-mortar businesses, and twenty-six and

half percent prefer to patronise the new retail (Chen, 2022). In India, things were almost the same. Evidently, the Internet has sped up the expansion of retail outlets and the rate at which customers buy goods and services online for their daily needs. There was a respectable and conservative daily consumption, and over half of it looked to be drawn to online consumption under the influence of the virus. Meanwhile, brick-and-mortar shops remained crucial even as the retail industry shifted to a new model. Due to the impact of the virus infestation, online shopping platforms have reduced resistance caused by the shopping environment and increased consumption of goods and services online. Although traditional offline channels were pressured in the new wave of competition, internet shopping still can't compare to the in-store experience, personalised attention, and community that shoppers get at brick-and-mortar businesses. In the era of the "experiential economy", brick-and-mortar stores created an immersive experience for their consumers. In the new retail, customers could peruse an extensive assortment of physical use experiences, buy what they wanted, and take it all off at any time. The company's goal is to meet the emotional needs of its customers, in addition to providing practical services like on-site shopping guidance and after-sale support. It was demonstrated that in a high-quality economy, brick-and-mortar establishments might draw in high-quality clients. Customers paid more attention to the pricing performance when they bought things online. It was the offline stores that stood for high-quality consumption. Customers were very receptive to high-quality items, and they paid more attention to the personalised care they received when making purchases. The potential for offline store recommendations to travel further is higher in nations with a social economy, like India. Customers put a lot of stock in suggestions given by peers, and brick-and-mortar businesses saw a return on investment from their marketing campaigns.

4. For retailers, COVID-19 was the defining moment that set in motion the New Retail

4.1. Strategies for Encouraging the Creation of Ground-Breaking Retail Goods and Services in new retailing

One aspect of the new retail that we can't overlook is the growth of the actual retail channel. Traditional retail has been slowly shifting its focus to online digital platforms in order to meet the demands of digital transformation. To further simplify matters for their customers, several companies, for instance, have implemented both online and offline sales channels. To be sure, there was still a divide between the online and offline worlds. Products, operations, and employees were all managed independently at this point (Liu, 2022). Over time, actual digital marketers in India shifted their focus from the first wave of e-businessmen to the second wave, which included mobile and social e-businessmen. Over the course of a few quarters, this happened gradually. In order to achieve the sharing effect, the development method included combining online and offline, and establishing an ecological circle that includes both. The all-channel industrial platform's ecological chain laid the groundwork for the new retail industry. The new retail mode's industrial framework was built by combining offline and online manufacturing, sales, and transportation. As digital technology continues to gain traction in the real retail sector, it's feasible that the company's online and offline channels may become more connected, improving the company's Internet connectivity. It pioneered a new way of doing business and could communicate directly with customers (Liu, 2022). As the retail business underwent its digital transition, it began to develop into smart apps. It had previously focused on the channels more, but now it was shifting its focus to the customers' interests. In this way, it may serve

as a customer-needs guide, ensuring that all sales products, consumer behaviour, and users meet digital requirements and, with the help of digital technology, expand the entire industrial chain.

4.2. What This Means for the New Retail Sector's Long-Term Growth

A key component of contemporary retail success is the incorporation of social media and platforms, the consolidation of online and offline operations, and the understanding of consumers' consumption and buying habits. With the use of deep mining, companies may better understand their customers' wants and needs, conduct analysis of potential markets, and better meet the demands of their current clientele. Businesses can benefit greatly from precise marketing campaigns that include in-depth analyses of consumers, and data mining techniques can assist with this. Detail analysis pertaining to the shoppers' data, encompasses both the investigation of prospective future market opportunities and the upkeep of existing customer requirements. Retail companies need to sift through data and identify possible customer segments in order to boost enterprise upgrading in the new retail environment and increase the reach of precision marketing. They must also set up a comprehensive and multi-faceted method of customised user administration. This is interesting to see the consumption pattern through the globe after COVID-19. Customers would have a more unified and smooth Omnichannel Shopping Experience as a result of this new form's incorporation of offline and online consuming scenario characteristics. This is the time that omnichannel retailing stops being a theory and starts being a fully realised reality.

4.3 Technological journey so far

The Incredible Technological Journey so Far

Unified Merchandising Planning < Personalised Marketing < Pricing Cycle Optimisation < AR in Retail < Conversational Commerce < Robotic Process Automation < Real time IOT Platform < Smart Checkout < AI in Retail < VR in Retail < Visual Search < Real Time Pricing < Block Chain

We can earmark three significant technological enablers in the retail world.

Internet of Things (IoT)

Many people who work in retail use the acronym IoT to describe the Internet of Things. The Internet of Things (IoT) is among the most extensively used technologies in retail today. The Internet of Things (IoT) plays a major role in the structuring of in-store inventory and the visibility of the goods. Much doubt persists over the appropriate nature of the impact that ought to be exerted upon the retail sector. The actual difficulty lies in actually using the technology and tailoring it to each person's need, even if it is available to everyone. Although everyone knows what it is, a few know how to put it into action. Both the front and back ends of a system can be used to deploy the Internet of Things.

The Internet of Things: A Smart Way to Enhance the In-Store Purchasing Experience

For stores, IoT is just another significant way to enhance customers' in-store experiences. According to predictions, the worldwide retail business will spend \$464.9 billion on IoT applications by 2031. Starting at a valuation of \$57.8 billion in 2023, this is a significant increase. From 2024 to 2031, it is projected to expand at a compound annual growth rate of 30.1% (<https://iotbusinessnews.com/2024/07/29/97110>)

Following observations were found to be particularly noteworthy, according to the report:

- 77 percent of retail industry pioneers say that IoT helps them collaborate with partners to make better goods and services.
- According to 89% of retail industry trailblazers, the IoT gives better insights into customer preferences.
- 77 percent of retailers think that IoT technologies can help them provide better customer service.

The Internet of Things and Its Projection

A digitally connected retail store is one of the aims of the technology vision. On top of that, it provides an answer to all the many issues that crop up every day in the store. One can find these answers in the following forms:

- >> Camera Technology
- >> Beacons
- >> Sensors
- >> Wi-Fi
- >> Smart Displays
- >> RFID
- >> Smart Lightings
- >> Smart Mirrors
- >> Smart Shelves

Augmented Reality/Digitally Enhanced Reality:

The augmented reality (AR) technology whisks us away to the world of Pokémon Go. This is considered to be among the first instances of augmented reality. When it comes to retail, augmented reality has become ubiquitous. Augmented reality (AR) has made it possible to do a lot of things in the current world. One can use it to imagine what a tattoo might look like on a human body. People looking to purchase furniture can use it to get a better idea of how the item will appear once put in place. Online shoppers no longer need to physically try on garments or shoes before buying them; they can simply see how the things would appear on them.

For some time now, stores have been using augmented reality (AR) to provide customers with new and exciting ways to shop. The general public tends to believe that 60% of shoppers would prefer AR in-store experiences over others. By 2020, experts predict that 100 million consumers will utilise augmented reality technology while they purchase. This number is expected to skyrocket in the coming years due to the increasing popularity of augmented reality (AR). For instance, according to research from Statista, almost a third of American shoppers will have used augmented reality (AR) technology when shopping online by 2025 (<http://www.statista.com>).

This article evaluates that the number of stores using AR to grow up manifold due to the technology's immense popularity among customers. This technology is going to be a game-changer for omnichannel retail experiences, which are booming in popularity, and will increase conversions in-store and online. When it comes to backend service organisation, augmented reality is just as useful as it is for providing experiences at online and physical enterprises. In order to efficiently choose and

sort products on the backend, businesses use this technology. This allows for faster deliveries to customers.

Artificial Intelligence

The third component, artificial intelligence (AI) has been a game-changer for the retail sector. The many advances that have taken place in the last many years have greatly increased the significance of artificial intelligence. “Data” is among the major concepts that have changed dramatically. Many different kinds of cloud computing services are now available to the retailers. AI makes use of the stored data and creates algorithms to aid in the data's correlation with the merchandise stock. The right people can subsequently get this data. Also, thanks to AI, there are Chatbots that help answer clients' questions in real time. AI is influencing four distinct facets of the retail industry:

Employee: AI enables workers to organise and educate themselves better.

- Get employees to work more efficiently
- Differentiating between functional data
- Understanding How the Business Is Organised

Participation of the Buyer:

- Conversational agents
- Tailored and personalised experiences
- The client's analytics

Raise operational efficiency through:

- Intelligible predictions
- How efficient operations are
- Deep insights

Artificial intelligence is a game-changer when it comes to product transformation

- Innovative product designs
- Differing degrees of expertise
- Novel situations

5. Conclusion

Covid-19, the watershed moment in the merger of online and offline marketing in the modern retail business, is the principal focus of this study's investigation. Before COVID-19 was released, the market was very stable. Following the end of the COVID-19, new opportunities have emerged in the retail industry. New purchasing patterns are emerging as a consequence of consumers' evolving habits. On the one hand, shoppers everywhere must adapt to a retail landscape where brick-and-mortar stores and online services coexist in perfect harmony, and consumers can choose their own rhythms when it comes to living, working, travelling, playing, and shopping. The retail sector of the future will be defined by the seamless integration of virtual and physical elements. In order to meet consumer

demands, facilitate enjoyable shopping experiences, reduce costs, and minimise product dislikes, businesses of the future will need to integrate the best of online and in-store shopping experiences. Looking forward, as the COVID-19 era ends, we will enter a new era of online and offline seamless integration. Consumers' long-term changes in behaviour and trust in companies are driving the new retail landscape's evolution in the aftermath of the epidemic. Shoppers were no longer allowed to make independent choices due to the epidemic, which was persisted for at least two years. Therefore, the consumer market would undergo a reimagining as a consequence of customers' voluntary or involuntary behavioural shifts. Smart retailers and manufacturers will closely monitor these changes and adjust accordingly to ensure their development and survival in the face of these new normal shifts.

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