

# Study on the Adjustment Strategies of Businesses in the Retail Industry after the COVID-19 Pandemic

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**Abstract.** At the start of 2020, the mysterious coronavirus, COVID-19, started its journey in Wuhan, China. It quickly spread across China due to the massive transportation during the Chinese New Year. The virus then takes opportunities to get into Asia and later the whole world. Lots of people, with no prior knowledge to protect themselves, got infected, and many of them died due to its serious complications. This created problems for every industry as lockdowns were happening and lots of transaction opportunities were blocked. This investigation, mainly conducted by diving deep into a real-world business and reflects on its performance, aims to point out effective changes in marketing strategies for companies in the retail sector after COVID-19, hopefully helping them to adjust their focus and follow up with new changes. Strategies that companies could use include a shift of focus from offline to online, specifically in advertising and shopping, promotions, and local supply chains.

## 1 Introduction

COVID-19, the destructive disease that spread across the world within a few months, hit the globe harshly starting in 2019 and remained impactful for a few more years. The virus changed various aspects of human life, including but not limited to habits, ways of working or studying, and lifestyle. Although countries were having lockdowns or other protocols in cities to help prevent its spread, many people were infected, and almost every industry was impacted drastically. Industries that relied heavily on off-line sales were considered impacted the most since neither the workers nor the customers were able to leave home. Also, as a result of shutdowns in factories in crucial producing areas like China and Southeast Asia, the global supply chain faced the issue of having no products to ship and no workers to help with shipping, ultimately affecting retail stores that set up their production line overseas around the globe [1].

As the COVID-19 pandemic slowly fades away from people's everyday lives, its impacts are also gradually diminishing. However, developments in the industry remain. E-commerce, which basically means selling or buying online, has become one of the most popular ways that the retail industry generates sales. During 2020, WTO (World Trade Organization)

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indicated that pandemic protocols contributed to the rise of online shopping, as well as social media use, internet telephony, and teleconferencing [2]; therefore, it could be considered a good place to start with e-commerce. As Covid acted as a big factor in the retail industry, in Australia, there is a negative retail turnover in every category of the retail industry [3]. As countries start turning to work remotely, there is a big trend of turning from “foot traffic” to “web traffic;” at least 900,000 families in Australia tried out online shopping for the first time from March to August 2020 [3]. This is a big change compared to the past when people mostly purchase their items by going to the physical store.

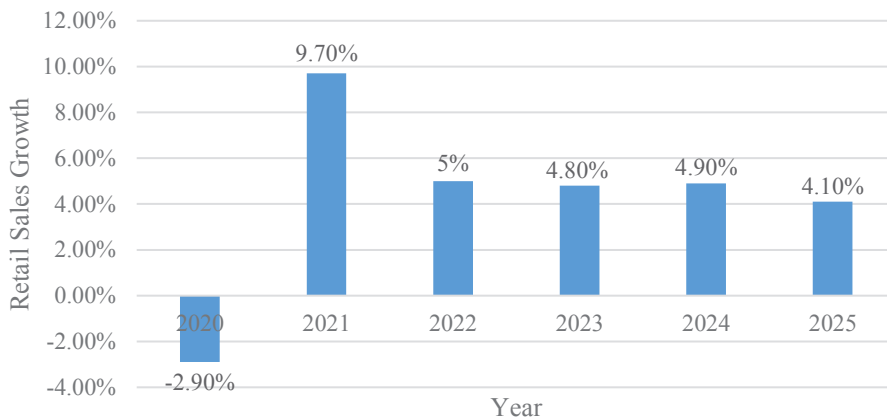
After the pandemic, much research was focusing on the aftermath that was brought to every industry. This is the same in the retail industry. Researchers spent time doing experiments, collecting data, and finding a conclusion to both the long and the short-term effects on the industry, including the customers and the businesses. Research from all over the world shows how the public around the world has depended more on online shopping after the strike of the Covid-19 pandemic. One of the research focuses on online shopping after the pandemic, and it reveals that women are more likely to continue online shopping due to its convenience, security, and efficiency [4]. This suggests that customers are getting used to and enjoying the general benefits of online shopping: it is convenient, safe, and fast. Users do not have to wait for a long time to get their product, and they do not have to worry about shipping and moving the product from the department store to their home, which is an attractive benefit, especially to female customers who find it hard moving large furniture or other heavy items. Another research analyzes the long-term effect of the pandemic on customer behavior, specifically when they are shopping. The research found that the person’s experience during the pandemic had a significant effect on their customer behavior after the pandemic [5]. To be more specific, the ones who had a generally positive experience during the time were more prone to shift to online shopping and have sustainable consumption [5]. On the other hand, however, people who had an overwhelmingly negative experience during the pandemic were showing more fear of missing out (FOMO), loss aversion, and rumination; this leads to their herd behavior in their shopping practices [5]. In Vietnam, researchers found that customers are more willing to purchase products with a fear of risk compared to the pre-pandemic era [6]. The researcher analyzed customers based in the United States to find out whether their purchasing behavior changed. It turns out that the population, in general, has a stronger preference for online shopping, while the youngest population group, as they are more familiar with the technologies, is taking the lead in online purchasing practices [7]. Additionally, when customers are purchasing items online, there are a few factors that they care about: there seems to be a correlation between the customer’s attitude, satisfaction, trust, quality of the website design, and whether customers decide to make a purchase [8]. For customers, trust in the business depends on the size, reputation, and system assurance [8].

In addition, the well-known houseware company Bed, Bath & Beyond was examined as an example case to showcase the importance of innovations in marketing. Research on their financial status, basic information, and strategic choices was done on the company, guiding to a deeper understanding of the case. Therefore, this paper will focus on possible changes in tactics for businesses in the retail sector after the strike of the Covid-19 pandemic. As the pandemic changed almost every industry, businesses need to revise their marketing strategies and others accordingly to keep up with the change in time and era. An example of failure to keep up with the change on time is also included to show how hard being reluctant and refusing to change might not be a good choice.

## 2 Impact of The End of the COVID-19 epidemic

### 2.1 Sales

Specifically for the retail industry (Fig.1), there is an expected large growth in sales after the pandemic [9].



**Fig. 1.** Projected Retail Sales Growth Worldwide From 2020 To 2025, Statista

This data was collected in 2020, and there was a sharp drop in retail sales due to the sudden occurrence of the pandemic around the world.

After the pandemic, it is projected that retail sales will go back to their normal level. This is because people are going back to their normal lives before the pandemic, and they will eventually start purchasing products that they would not have to use that much during the pandemic, for example, cosmetics and clothing products. As many of these products fit best when people try them before buying, sales rise as people get the opportunity to feel the product instead of blindly purchasing them online. In addition, as traveling became normal, this increased the sales of travel accessories after the pandemic. Another reason for this is that people are stuck in their homes for a long time, and they feel bored, so people will plan on and start driving or flying away to other cities or countries to get some fresh air and relax from the high pressure during the pandemic times. Although some countries did not have a full lockdown for their citizens, many people, who do not want to get infected with the disease, chose to stay at home for the benefit of their own health. Also, as a result of traveling being a norm, work trips or other formal meetings, professional conferences, or even weddings are resuming back to normal. This creates a chance for people to purchase new formal clothing, due to possible strict dress codes for some events and how people want to give a good impression to others that they haven't seen for years.

### 2.2 Employment

Before the pandemic, there were already shown trends of declining employment rates in the United States, especially in sporting goods, hobbies, musical instruments, and bookstores since it was hard to compete with online and discount retailers [10]. From 2017 to 2019, approximately 200,000 jobs were cut in the retail industry, whereas the service-providing sector had a rise of 1.4% [10]. A reason for the decline in employment is that the public is finding cheaper ways to purchase products, and the general demand for cosmetics in physical

retail stores, for example, has gone down. As fewer customers shop in offline stores, the need for employers in physical stores declines, so companies have to get rid of redundancies to maintain their profit.

The pandemic accelerated the development of e-commerce, automation, and industry consolidation of the industry, so it is predicted that fewer workers will be needed in the future to achieve the growth [10]. Therefore, the projected employment trend in 2030 for the retail industry shows that more jobs will be canceled, approximately 4% of total jobs in 2020, and grocery stores and general merchandise stores are projected to cancel the largest number of jobs [10].

Long-term effects on employment are also shown with data. In projection, by 2030, grocery stores will lose about 257.5 thousand jobs, with 3101.6 thousand jobs in 2020 and 2844.1 thousand jobs in 2030 [10]. The same goes for general merchandise stores, with 3029.8 thousand jobs in 2020 and 2796.3 thousand jobs in 2030 [10].

### **3 Adjustment strategy and impact analysis**

As a result, as companies thought that it was a good idea to keep the new policies they implemented during the pandemic, almost every company made a huge amount of profit in the first few months after the pandemic. The methods and policies were effective, so it attracted more people to come and make sales for the company.

#### **3.1 Focus shift**

Companies were all shifting more of their focus onto electronics and e-commerce. As people are having stronger and stronger reliance on their devices, companies are moving many of their services from offline to online, just like what they did during the past few years in the pandemic. However, the reason for this is not only about the customers' reliance on electronic devices but also about how people were already familiarized with the convenient process of purchasing products. During the pandemic, people were not allowed to leave their homes and go to department stores, so the only way they can buy things they want is through online shopping. As the lockdowns lasted for a long time, people are already used to the convenience that online shopping brings, so for many people, it is quite hard for them to get back in the habit of going to retail stores to buy things they need.

#### **3.2 Promotions**

Lots of promotions were made to attract new customers to register for a membership or to retain old customers to keep purchasing their products. Although they sell products at not a very cheap price, they have coupons for customers to use, which, in another way, makes customers feel like their prices are not as high. As the market is competitive, and online shopping made it a lot easier for customers to compare the prizes between different retailers, companies have to find creative ways to keep their customers. Many retailers lowered their prices and spent more money on the development of products under their own brands to make themselves stand out from their competitors.

#### **3.3 Local workers and suppliers**

Companies could make use of local suppliers and workers, even if they are expensive. Many companies set up their factories outside of their home country because of the high prices they have to pay to their local workers. This then creates a problem when the government makes

decisions like lockdowns to prevent the spread of diseases. Because they have to rely on their current stocks until new products are able to come in, when some emergencies happen that stop transportation, the business might face insufficient stock problems.

### **3.4 Possible consequences**

Failure to change on time may have a huge effect on the companies. For example, Bed Bath & Beyond, a company selling bed linens, bath items, kitchen textiles, and home furnishing, is known for its big coupons and other promotion policies. There were many reasons why they were successful, including their top-notch service and low-cost structure. Unfortunately, the company faced issues with its cash flow due to its wrong strategic approach. To be more specific, the company did not take the chance to develop its e-commerce platform when it was a trend developing quickly, leading to some loss of customers. Also, the company spent time and invested more in its own brands. More focus on their own brand means that they are slowly decreasing the number of products they are ordering from outside suppliers or other brands. Bed Bath & Beyond set their factories outside of the U.S. for its low labor costs, but this creates a problem in that they must ship their products to sell. During the Covid-19 pandemic, as supply chains were affected and products could not be shipped to the U.S. due to the lockdowns, Bed Bath & Beyond had to rely on their current stocks. In addition, as they stopped ordering lots of products from other brands, they were not considered the first to deliver when retailers that also sell products of the same brand ordered. This wrong strategic approach decreases Bed Bath & Beyond's cash flow significantly, resulting in the company's bankruptcy.

## **4 Recommendations and outlook**

### **4.1 Sales**

As consumer habits changed during the pandemic, retailers could utilize both offline and online platforms to make sure they can generate enough sales to keep the business in operation. Online platforms were known to have the best discounts and convenience, and offline stores were known to have the best experience for customers. For retailers, considering and effectively using the advantages of both platforms is important.

From one perspective, retailers can better use their existing online platforms, for instance, their website, as a promotion tool to enhance customer stickiness, improve user experience, and increase productivity. The website could encourage people to sign up or register as members using coupons or other cost-saving measures, and as lots of customers registered as members of the shop, the company can frequently send newsletters on new products or randomly give out codes for larger coupons that could be only used in physical stores at the middle or the end of the newsletter. In this way, if customers want to find larger coupons, they will have to read through the newsletter and find the specific code for the discount. As people are reading through the newsletter, they are getting informed of the company's new products and some of them may attract them. As a result, customers will be forced to come to the offline stores to find the specific item they are interested in and use their coupon. This could be a way to advertise the retail stores' products.

Another approach to using online and offline stores effectively is that retailers can divide up the products. Retailers can set a different focus for different types of platforms. As online platforms are usually cheaper and more convenient, retailers can put most of their focus on smaller products that do not require much trying, for example, bed sheets, cups, or toilet brushes. On the other hand, as offline platforms focus on mostly customer experience,

retailers can put most of their focus on larger products like furniture that do require enough trying and consideration before purchasing. Some examples of larger furniture could be a sofa, bed, or even tables and chairs. In this way, retail stores could save up some space by shifting most of their smaller products online to display larger furniture for customers to try. Also, retailers can make discounts or hand out coupons on online platforms to attract people to purchase smaller items online. With the help of a salesperson in the physical store, customers can get a better sense of each of the products and experience better service than purchasing sofas, beds, or tables and chairs online. To add on, many people will be attracted to spend more when they are given a coupon, so giving out discounts and coupons could be a way to boost online sales with cheaper and smaller products.

## **4.2 Employment**

As artificial intelligence (AI) develops rapidly and starts taking over simple jobs, the retail industry will face a big recruitment. There are possibilities that fewer jobs will be provided to human workers and some work will be transferred to rely heavily on automation. Therefore, human workers might face a big challenge in finding suitable jobs in the future.

However, there are other ways that human workers can survive with the fast-developing AI and robots. There are certainly works that robots can't do, for example introducing the products in a comfortable instead of stiff way. To this end, retail stores could provide higher-level training to help workers develop their proficiency in introducing and persuading customers to buy their products. This can keep consumers engaged throughout shopping, and possibly increase sales for the company.

Adapting to the pandemic schedule, retailers could try out flexible scheduling for employees to increase their general service quality. Employees could be given the chance to choose and organize their own working time so that they are motivated to stay in the business. As the competition for jobs is becoming increasingly intense, flexible scheduling could motivate employees to enhance their performance and help them save a spot in the competitive job market. This also creates benefits for the company. Employees can choose the scheduling that works best for them, so retail stores could always have some employees who just started their work at any time. This could reduce possible conflicts between workers and customers, and slowly gain a better image for the retailer.

## **5 Conclusion**

To conclude, this research paper explores the possibilities for businesses in the retail sector to change their marketing strategies and how well the new strategies might work. Possible changes could include a focus shift from offline to online, promotions, and local supply chains. These are all strategies that could be used to attract future customers and stabilize the connection between the businesses and their current customers. If the strategies mentioned above were implemented, then there is a great possibility that businesses will get benefits in multiple different aspects like sales and employment. It is shown that businesses will be less vulnerable to sudden disasters that obstruct the normal selling habits of the business by using Bed Bath & Beyond as an example of failure to change their marketing strategies accordingly during the pandemic. With the increasing number of customers attracted to the stores, businesses could possibly generate more sales to cover their spending. Although AIs are developing at a rapid speed, there are still possible job opportunities for workers in the retail industry in the future. Some other types of jobs could be created and with the help of AI, some redundant work could be put aside, increasing the productivity of the workers.

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