

COVID-19 Pandemic and Consumer Behavior Online Shopping

The COVID-19 pandemic changed nearly every aspect of global business, and consumer spending. Globally, including in Saudi Arabia, consumers have shifted towards e-commerce and omni-channel retail amidst the pandemic. during the lockdown period consumers have engaged more with online channels as businesses invest in digital technology. More digital experiences, more technology embedded in the way consumers purchase or experience shopping going forward.

As the global COVID-19 pandemic continues to spur e-commerce, a Mastercard study has revealed the rapid growth of online shopping, with nearly three out of four Saudi consumers shopping more online than they did before the pandemic.

The study provides significant insights into how shoppers are rapidly moving away from cash and opting for contact-free and digital payment experiences. These insights are helping e-retailers and businesses in Saudi and across the region, to leverage the shift towards online shopping and to deliver fast, convenient and secure transactions.

Since the Start of Pandemic KSA Consumers are Shopping more often. The top virtual shopping in Saudi Arabia is

- ¾ Clothing (73%),
- ¾ Groceries (68%)
- ¾ Healthcare (65%)

According to the survey, groceries, healthcare, apparel and banking have seen the highest surge of online activity.

More than 68% of Saudi consumers said they had shopped online for groceries, 73% for clothing, and over 65% of respondents said they had purchased medicine online. And, as e-commerce increasingly becomes a part of everyday life, consumers are moving other aspects of their financial management to digital, with 64% of respondents having started banking online. The research also reveals the rising impact of social media on consumer spending habits, with 58% and 61% of respondents saying they had discovered new sellers through Facebook and Instagram respectively.

Here is an example of Significant boost for e-commerce especially groceries store. Despite the comparatively limited medical impact on the Kingdom, the threat presented by the virus – alongside efforts to maintain social distancing – has led to a significant shift in lifestyle and consumer habits, with e-commerce experiencing a rapid spike in growth. In late March local online retailer BinDawood Holding told local media that, since the escalation of the Covid-19 crisis, its average sales on a 10-day basis had increased by 200%, while its average order value rose by 50% and app installations by 400%. The company has two e-commerce platforms – BinDawood and Danube – which are connected to their respective supermarket and hypermarket chains, enabling customers to purchases groceries and other goods online.

While the economic impacts of the virus have seen many businesses close and millions of people lose their jobs globally, BinDawood officials say the rapid growth in activity has helped the company buck these trends.

All of the company's 72 stores remain open, including the newest Danube store, which opened last week in Riyadh's Al Andalus district. The company has also hired more packers and drivers to keep up with demand for online deliveries.

Elsewhere, fellow Saudi grocery delivery app Nana has also benefitted from the recent turn towards online shopping, raising \$18m in a Series B funding round in late March to expand operations across the Middle East, with investors including venture capital funds Saudi Technology Ventures and Middle East Venture Partners. This follows a Series A funding round that raised \$6m last year. The company has expanded capacity three-fold following a surge in demand associated with the Covid-19 outbreak. This is expected to continue in light of the Saudi government's decision to impose tighter curfews in major cities.

Looking ahead, retailers may need to adapt their supply chains in response to shifting market dynamics. "Vertical integration is a pivotal development strategy, especially considering the recent spike in demand for e-commerce and fresh food delivery, which Saudi Arabia's supply can hardly meet," Seifallah Sharbatly, Managing Director of Sharbalty Fruit, told OBG.

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