

COVID-19 PANDEMIC: ITS EFFECT ON RETAIL BUSINESS GROWTH IN INDONESIA

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Abstract: This study aims to analyze the impact of the COVID-19 pandemic on retail businesses in Indonesia. The research method used is a descriptive qualitative method, using secondary data sources from research results, references and online news related to the research. The COVID-19 pandemic that hit Indonesia caused a significant decline in turnover for the retail business. There are several businesses engaged in the retail trade sector that have to be willing to close because they are no longer able to benefit from their operations. Technological developments in globalization are very influential on the economy, including the retail market. The results of this study indicate that the retail sector is the type of business most affected by the COVID-19 pandemic, including the automotive industry, steel industry, electrical equipment, textile industry, handicrafts and heavy equipment, tourism. Meanwhile, the industries that are able to survive during the COVID-19 pandemic are 1. MSMEs that are able to adapt their business with innovative products. 2. The retail industry is able to survive, this is because some of them take advantage of sales through digital marketing. 3. Other industries that are able to survive during the COVID-19 pandemic are those related to meeting basic needs, including electricity, clean water, agriculture, animal husbandry, plantations, fisheries, automotive and banking. Industries that experienced development during the COVID-19 pandemic were food, pharmaceuticals, information and communication technology.

Keywords: *covid-19, growth, retail,*

1. Introduction

Retail comes from the French "retailer" which means to cut or break something. In the Big Indonesian Dictionary, retail means one-on-one, bit by bit about the sale and purchase (of goods), middle. The word retail in relation to retail management as a whole business activity involving the sale of goods and services to consumers for use by themselves, their families, or their households (Berman, 1992). Retail business as an institution or business activity that more than 50% of its total sales are sales to final consumers whose shopping motivation is for personal or family interests (William R Davidson, 1998). Retail business is a business activity that involves selling goods and services directly to final consumers. In its development, now the retail business in Indonesia is starting to transform from a traditional retail business to a modern retail business. The development of modern retail business in Indonesia is increasingly mushrooming in almost all parts of Indonesia. This can be seen

from the many modern retail stores that have opened branches in various regions in Indonesia. However, the retail business is currently faltering in the midst of the COVID-19 pandemic. The COVID-19 pandemic in Indonesia was first detected on March 2, 2020, when 2 people were confirmed to have contracted it from a Japanese citizen. As of April 9, the pandemic had spread to 34 provinces with East Java, DKI Jakarta and South Sulawesi as the most exposed provinces. Efforts to prevent the spread were carried out and campaigned. There are at least two ways that are key to controlling the transmission and spread of COVID-19, namely by maintaining distance and diligently washing hands with soap and increasing portable sinks which are held independently by the community.

A number of retail companies have suffered losses. Not a few have closed some outlets, some have even gone out of business. Recently, PT Hero Supermarket Tbk announced that it would close all Giant outlets at the end of July. President Director of PT Hero Supermarket Tbk, Patrik Lindvall said the company will focus its business on other trademarks that have higher growth potential. "We still believe that the household appliances, health and beauty sectors, as well as daily necessities for the upper class have high growth potential (Patrik Lindvall, 2021). The Minister of Trade, Muhammad Luthfi admitted that throughout the corona pandemic, the trade sector experienced weakening, including retail. Data from the Indonesian retailers association, Aprindo shows that in the nine months of the 2020 pandemic, 1,200 retail stores were closed. While in the January to March 2021 period, 90 retail stores were closed. This means that until March 2021 around 1,300 retail stores were closed. To Kontan.co.id, the General Chair of Aprindo, (Mandey, 2021) said that we hope that not many retailers will close due to the allocation of funds from the government, such as PEN and also priority for Covid-19 vaccinations for retail employees.

Research (McKibbin , W., 2020) suggests that the Covid-19 outbreak could have a significant impact on the global economy in the short term. This scenario demonstrates the scale of costs that might be avoided by greater investment in public health systems in all countries, particularly in the least developed and high-population countries.

Research results (Rosita, 2020) show that MSMEs are the type of economic business most affected by the COVID-19 pandemic, including the automotive industry, steel industry, electrical equipment, textile industry, handicrafts and heavy equipment, tourism. Meanwhile, the industries that are able to survive during the COVID-19 pandemic are 1. MSMEs that are able to adapt their business with innovative products. 2. The retail industry is able to survive, this is because some of them take advantage of sales through digital marketing. 3. Other industries that are able to survive during the COVID-19 pandemic are those related to meeting basic needs, including electricity, clean water, agriculture, animal husbandry, plantations, fisheries, automotive and banking. Industries that experienced development during the COVID-19 pandemic were food, pharmaceuticals, information and communication technology.

Impact of Covid-19

(Faisal, 2020) who examined the impact of Covid-19 on the Chinese economy through a study of 15 articles in various journals and reports discussing studies on related themes. The findings in this study are that due to Covid-19, which was followed by the lockdown policy of the City of Wuhan and followed by the quarantine of other cities and provinces, it has reduced and even stopped various community activities, students, students, workers in public areas, cessation of manufacturing, land transportation, flight routes and other activities.

delays in many developments and delays in investment, as well as activities in the financial, banking and export-import sectors caused a decline in the growth rate (decline) of 2% from the 6% position in the achievement before the Covid-19 pandemic.

Found a tendency that the Covid-19 pandemic At the beginning of the lock down incident in the city of Wuhan with various events being reported, it had a negative impact on news and business interactions for residents and networks of the city of Wuhan, Hubei Province, China and also when the virus spread throughout mainland China (Tomiura, 2020).

The impact of the corona virus outbreak (covid-19) is not only detrimental to the health side, this virus has even affected the economies of countries around the world, including Indonesia. The global economy is slowing down and affecting the business world. In Indonesia, the government is trying to make various efforts to reduce the impact of the corona virus on the industry, all parties are asked to carry out social distancing, Work From Home (WFH) and decide to cancel lectures and teaching and learning activities. The economic sector is the sector that has been severely affected by the COVID-19 pandemic. The COVID-19 pandemic that has occurred in Indonesia since the beginning of March 2020 has forced most people to limit their activities so that the spread of the corona virus can be prevented. This has resulted in various sectors being affected.

Online Platform Retail Business Innovation

One of the causes of the contraction and slowdown in the economy is the declining volume of various business transactions. There are several types of businesses that are relatively surviving and able to grow in the conditions of the COVID-19 pandemic, such as retail that moves online by utilizing technological developments that shift production to health products such as masks and hand sanitizers, this is considered in line with efforts to gain competitive advantage through product innovation. and orientation of the dynamics of market needs and wants (Taufik Alwi, 2018). Various innovations can be applied to various forms of business interaction. Interaction in the business world can take the form of a B2B (Business to Business) model where business transactions occur between business people and other business people, B2C (Business to Consumer) businesses that are carried out by producers to consumers directly, C2C (Consumer to Consumer) business interactions that are carried out by individuals (consumers) to other individuals (consumers), C2B (Consumer to Business) is a business model where consumers (individuals) create and create value for business processes, B2G (Business to Government) this process occurs between business people and government agencies, G2C (Government to Consumer) is an interaction between the government and society as consumers.

2. Research Method

The research method used is descriptive qualitative method based on secondary data from research results and literature references regarding data and information related to research. The data collection technique used documentation technique as a way for researchers to collect data from various reference sources. The type of data in the form of secondary data in the form of qualitative and quantitative data from journals and online news. Secondary data is data that refers to information collected from existing sources. Secondary data sources are company records or documentation, government documentation or government publications, industry analysis by media, websites and others (Sekaran, 2011).

3. Results and Discussion

3.1. Results

Impact of Covid-19 on Retail Growth in Indonesia

Covid-19 is an active crisis for businesses around the world. It has hampered economic growth worldwide with its rapid and broad reach. According to a World Bank report (2020), the sudden emergence of Covid-19 has brought a recessionary trend in the global economy with not a single country surviving its devastating effects. Overall, a 5.2% depreciation in 2020 was reported by the World Bank. It also shows small and medium-sized companies as victims of this outbreak and has severe implications for businesses for the long term. These facts clearly demonstrate the impact of Covid-19 on small and medium-sized businesses. The relevant evidence of this impact is evidenced below.

Covid-19 has changed many things in our lives. The impact is felt both from the economic side and people's consumption behavior. Large and medium-scale social restrictions have changed the economic cycle in a positive way. One of the industries most affected is the retail industry. Based on data from CEIC Indonesia, Indonesia's retail sales growth was reported to be -0.1% in August 2021. This record increased compared to the previous -2.9% for July 2021. The data also shows that the highest increase of 28.2% in December 2013 and the lowest record of - 20.6% in May 2020. Large-scale social restrictions (PSBB), provisions for operating hours, and a ban on going home for Eid which is a government policy in dealing with Covid-19 has resulted in a significant decrease in turnover for retail businesses. The reduced purchasing power of the people has also added to a series of retail slumps. A number of retail companies were forced to close some of their outlets or went bankrupt during the COVID-19 pandemic. This is done none other than for efficiency in order to improve the company's financial cash burden.

3.2. Discussion

Retail Industry Survives Amid the Covid-19 Pandemic

In the midst of the onslaught of the COVID-19 outbreak, there are some retailers who are able to survive, namely retail businesses whose operations are already connected to the digital ecosystem by utilizing the existing marketplace in Indonesia. They are able to adapt their business with innovative products, for example, those who previously sold bags and clothes products then changed their products to selling cloth masks. Other industries that are able to survive during the COVID-19 pandemic are industries related to meeting basic needs including electricity, clean water, agriculture, animal husbandry, plantations, fisheries, automotive and banking. Likewise, the retail industry is able to survive, this is because some take advantage of sales through digital marketing. changing the way we do business and operate in serving our customers. Although computer technology has existed for several decades, the concept of digital transformation is still relatively new and is forcing retail business players due to the current COVID-19 pandemic.

Digital transformation change from conventional Retail model to digitalized Retail

Digital transformation refers to the process and strategy of using digital technology to drastically change the way we do business and operate in serving our customers. Although computer technology has existed for several decades, the concept of digital transformation is still relatively new and is coercive for MSME actors due to the current state of the COVID-19

pandemic. Digital developments in globalization are very influential on the economy, including the retail market. The retail market that some time previously tried to displace the existence of traditional markets, but in fact the existence of the modern retail market is influenced by globalization, it appears that some retail markets are starting to fall like autumn. One by one, modern retail markets, large, micro, and small began to decline one by one. This is due to the lack of consumer interest in conventional shopping even though the physical facilities are very comfortable and there are almost no gaps. By presenting the convenience of shopping in this covid-19 era, people are reluctant and prefer to do online shopping activities or use media applications, with restrictions set by the government.

There are several reasons people shop online:

a. Items sold are varied

Almost everything is available in online stores, from kitchen furniture, accessories, electronics, various types of food and beverages, and much more. Even if one shop is empty/out of stock, there are still many other shops that can be used as references.

b. Easy to compare prices

Shopping at online stores also makes it easier for us to weigh the price. Just click on the online store feature, then we can know the price comparison of the same product in one store with another. Online shopping also often offers a variety of prices, from the cheapest to the most expensive. Just adjust it to the contents of the bag.

c. Save time and effort

Busyness plus heavy traffic flow is often a barrier to shopping offline. People who are busy at work will usually choose to shop on weekends or on holidays. With the convenience of online shopping, people can make transactions anytime and anywhere without wasting time and effort. In addition, online shopping attracts people's interest because it is very flexible, it can even be done while lying down.

d. Many Promos

Promos offered from various online shopping sites, including free shipping promos. In fact, almost every month there is always an attractive promo that is tempting up to a shipping fee promo of 0 rupiah.

e. Easy payment

Easy payment is also one that attracts and convinces people to shop online. Among other things, you can transfer, pay at Alfa Mart, COD (cash on delivery), and even credit. People who are worried about being cheated can choose the COD system, the goods are paid for upon arrival.

4. Conclusion

Based on the discussion that has been described in the study, the following conclusions can be drawn: The coronavirus (covid-19) pandemic has made many sectors slump, including the retail business sector in Indonesia. The impact of COVID-19 has damaged the supply chain of materials, decreased production capacity, closed factories, and banned travel for the wider community. Business fields that are hampered by development and even experienced a decline during the Covid-19 pandemic are the public transportation business, tourism, hospitality, shopping centers, and offline trade which only focus on direct consumer visits. In Indonesia, industries that are able to survive in the midst of COVID-19 are the electricity industry, clean water, agriculture, animal husbandry, plantations, fisheries, automotive and

banking. Likewise, the retail industry is able to survive, this is because some of them take advantage of sales through digital marketing and innovate their products. The need to prepare a strategy to improve and survive in the midst of the covid-19 pandemic. The retail industry needs to adapt to technological developments so that in the future it is able to provide the equipment needed by consumers.

So that businesses are able to survive in the midst of onslaught of increasing competition, business actors can take advantage of technological developments as a means to promote their products, this is because some use sales through digital marketing. changing the way we do business and operate in serving our customers. Even though computer technology has been around for decades, the concept of digital transformation is still relatively new and is forcing retail business players due to the current COVID-19 pandemic.

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