

MANAGING CHANGE
Supplementary lessons for *Working with New Technology*
ANSWER KEY

E-commerce in the time of COVID-19

UNDERSTANDING

1.

1d; 2g; 3a; 4e; 5c. 6f; 7b

2.

1. Business to consumer (B2C): The process of selling products and services directly between a business and consumers who are the end-users. As a business model, B2C differs significantly from the B2B (Business-to-business), which refers to commerce between two or more businesses.

2. Loyalty programme: A marketing strategy designed to encourage customers to continue to shop at or use the services of a business by means of rewards, discounts or special incentives.

3. Digital divide: The gap between individuals, households, businesses and geographic areas at different socio-economic levels with regard to both their opportunities to access information and communication technologies (ICTs) and to their use of the Internet for a wide variety of activities

3.

In the United States, for example, a surge in demand was observed for items related to personal protection (e.g. disposable gloves), home activities, groceries or ICT equipment, while demand dropped for items related to travel, sports or formal clothing (e.g. suitcases, bridal clothing, gym bags, etc.). Shifts towards e-commerce have also occurred along the food supply chain, including farmers who started using digital technologies to sell their produce directly to consumers or restaurants that switched to providing food or grocery delivery services.

In Germany and Korea online sales grew significantly for medicines and groceries, whereas online transactions involving culture and leisure services or travel arrangement and transportation services declined significantly.

While dynamics likely vary across countries, these data suggest that despite the shift to e-commerce, a significant **share** of e-commerce sellers are facing the same economic repercussions as traditional brick-and-mortar retailers, following reduced spending by individuals on items considered as non-essential.

The COVID-19 crisis has also involved a shift in demand from small and specialised sellers to larger and diversified sellers.

Evidence from the outbreak of SARS in 2002 and 2003 suggests that the epidemic has been a **core catalyst** for the digital transformation of Chinese retail. For example, the move of JD.com, now one of the largest online retailers in the world, from traditional to online sales in 2004 was a direct response to the SARS crisis. The same crises also provided the consumer base for Alibaba's **business-to-consumer (B2C)** branch Taobao, which was **launched** in 2003.

4.

1. surge - demand 2. demand - dropped 3. shift - observed 4. significant - increase 5. declined - significantly 6. evidence - suggests 7. experience - shown

CRITICAL THINKING

5. 1B; 2A; 3C

6. All true

PRESENTATION

7. *Open*