NUMBER 7:

The ISOLATION economy stimulates e-commerce

The ratio of companies (especially SMEs) present in national and international electronic commerce platforms must be significantly increased.

At an international level, the boom in electronic commerce has accelerated by about 5 years the "flight" of demand in traditional stores towards digital stores. While the traditional business is expected to fall 60% in the West in 2020, e-commerce is expected to grow 20%.

- One of the fields most positively affected by the pandemic has been **electronic commerce**. On the one hand, the companies that already provided online services have seen their sales increase, since, most frequently, they were the only accessible offer (for example, a hardware store). On the other hand, SMEs that had not even considered e-commerce it until now, have joined (such as restaurants that have started to sell prepared food).

- The Chinese platform Aliexpress states that more than **2,000 Spanish companies** joined it between April and June 2020. On the other hand, more than half of the total number of articles that Spanish companies sell through Amazon correspond to SMEs. They are about 8000 companies, 75% of which sell mainly in Europe. According to Amazon, 350 of these Spanish companies sold for more than a million dollars in 2019.

- Some companies have experienced difficulties **transforming their physical stores** into a digital warehouse. The idea is to replace physical sales with virtual ones, taking advantage of the existing stock. This learning can accelerate the transformation of business models towards a seamless combination of the physical and digital components (replacing continuous replenishment for batch processing).

- **Logistics** has been key, especially the ability of some operators (such as Amazon) to increase their employees quickly, although usually through temporary contracts (gig workers). When logistics have not involved global chains, it has worked effectively, for example when the products were basically local.

- E-commerce companies are becoming **the new utilities**, providing a service that is common and essential for many citizens

- At the global level, the great challenge for these companies is to provide a **service on the same day** and, better, within an hour (using advanced demand forecasting systems, for example).

- A new model of commerce emerges, in which people do not go to buy things, but the things they need come to them. Some people call this the "**isolation economy**". It is based on the fact, accelerated by the pandemic, that many people will travel less (tourism will be much more local, within a radius of 100-200 km around your usual site), and they will work much more from home, which becomes an office. In this scheme, electronic commerce can't help but grow.

Links:

La explosión del comercio electrónico

COVID-19 pandemic accelerated shift to e-commerce by 5 years