RETAILERS SUPPLY CHAIN OPERATIONAL CHALLENGES IN RETAIL INDUSTRY DURING COVID -19 PANDEMIC

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ABSTRACT

This study conducted on how the impact of COVID-19 on the retail industry and identify the operational challenges faced by retailers. Retail is the process of selling consumer goods or services to customers through multiple channels of distribution. Retailers satisfy demand through a supply chain. Covid-19 has fully modified the economic and living landscape. Since the virus was detected in Wuhan, China, it's unfold apace throughout the country, as well as our country Malaysia. While the world is in an ambiguity how long this will continue for, the certain is that the global production and supply chain system is mostly disrupted due to the spread of the pandemic Covid-19 especially after the declaration of closed border and lockdown by most of the country. The wholesale & retail trade has been impacted the most; 15.2% unpaid leave and 14.3% of losing job in 2020. The scope defined the purpose of the study, the population size and characteristics, geographical location, the time period within which the study was conducted. Based on the nature of the project, the study was likely use Quantitative Data analysis. This study is focusing on various questionnaires to all tenant in the Mid Valley Southkey, Johor, consisting luxury brand such as Pandora, Habib, Bath & Body Work, Victoria Secret, Michael Kors, Sephora, Charles & Keith and Tumi.

Keywords*: Retailers, Supply Chain, Operation, Industry*

1. INTRODUCTION

Retail is the process of selling consumer goods or services to customers through multiple channels of distribution to earn a profit. Retailers satisfy demand identified through a supply chain. Retailing can be defined as the buying and selling of goods and services. It can also be defined as the timely delivery of goods and services demanded by consumers at prices that are competitive and affordable [1].

Retailing involves a direct interface with the customer and the coordination of business activities from start to end-right from the concept or design stage of a product or offering, to its delivery and post delivery service to the customer. The industry has contributed to the economic growth of many countries and is undoubtedly one of the fastest changing and dynamic industries in the world today. However, it is important to remember that most businesses also make purchase at retail stores. Transactions in the retail domain can be termed business-to-consumer (B2C) or business-to-business (B2B). For example, those between retailers and customers or end-users [2].

In today's world, Covid-19 has fully modified the economic and living landscape. Since the virus was detected in Wuhan, China, it's unfold apace throughout the country, as well as our country Malaysia. Nobody thought the virus was so severe that it caused most countries to require steps to shut their economies because of the devastating effects of the epidemic.

Brandtner [3] stated in the pandemic in front, the Government has received international recognition for its effort regarding testing, contact tracing, quarantine and treatment while keeping first responders safe and providing reliable information and advice to the public. On the economic front, the lockdown is turning into an economic knockout. The economy is nosediving with intensifying negative impacts on jobs, incomes, disrupting supply chains and upending businesses and exacerbating inequalities among the most vulnerable.

2. PROBLEM STATEMENT

The Covid-19 outbreak has been declared a pandemic by World Health Organisation, causing huge impact on people's lives, families, and communities. The impacts on the economy have been hard enough that some say it will take two years to recover. The retail industry, in particular has been severely affected since the government asked people to quarantine themselves, which greatly restricted face-to-face service in stores. While nobody on earth knows how long this will continue for, the certain is that the global production and supply chain system is mostly disrupted due to the spread of the pandemic Covid-19 especially after the declaration of closed border and lockdown by most of the country as presented in Figure 1.

Employment sector	Work from home	Half paid leave	Unpaid leave	Lost job	Reduced working hours	Increased working hours	No impact
Agriculture	**21.9**	**1.2**	**6.7**	**21.9**	**33.3**	**1.3**	**13.7**
Agriculture & plantation	23.5	1.1	5.9	.21.1	33.7	1.2	13.6
Farming	12.9	3.0	10.9	19.8	29.7	2.0	21.8
Forestry & logging	23.5	5.9	17.6	11.8	29.4	5.9	5.9
Fishing	13.9	0.9	8.7	33.0	33.0	1.7	8.7
Industry	**51.4**	**8.1**	**13.5**	**6.7**	**12.8**	**1.1**	**6.5**
Mining & quarrying	69.8	1.2	9.3	6.8	7.4	2.5	3.1
Manufacturing	47.6	10.6	15.0	4.2	13.9	1.0	7.5
Electricity	54.7	4.7	7.2	5.3	17.1	1.5	9.5
Water	48.0	5.5	9.8	5.5	23.0	0.8	7.4
Construction	54.9	6.6	15.6	11.8	7.4	0.8	3.0
Services	**44.8**	**5.8**	**10.6**	**15.0**	**16.0**	**1.5**	**7.4**
Wholesale & retail trade	26.0	6.5	15.2	14.3	27.0	1.4	9.7
Transportation	25.9	5.9	10.2	18.7	30.3	2.4	8.5
Accommodation	21.8	8.6	22.2	14.6	21.2	2.7	9.0
Food services	17.0	3.2	19.1	35.4	18.8	1.3	5.1
Information & communication	70.7	1.7	4.3	4.4	7.5	2.2	9.1
Finance & insurance	59.2	1.0	3.1	4.4	23.4	1.5	7.4
Real estate	61.0	3.4	7.9	13.0	11.1	0.7	2.9
Professional	67.9	3.0	5.3	3.9	12.8	1.0	6.1
Administrative	63.0	2.5	6.1	4.5	15.8	1.1	7.0
Education	59.2	5.8	11.7	11.2	6.9	1.2	4.0
Health & social services	30.3	3.0	9.7	9.7	23.5	4.4	19.4
Arts, entertainment, recreation	34.1	4.5	11.7	38.0	7.0	0.7	3.9
Other services	41.8	5.2	12.7	18.0	15.0	0.8	6.4

Figure 1: Impact on Employment by Sector

Figure 1 shown the impact on employment by sector that covering by 168,182 respondents. The cases drastically increased caused wholesale and retail trade having impact as some employment needs to work from home, half paid leave, unpaid leave, lost job and reduced working hours.

3. LITERATURE REVIEW

Covid-19 has substantially transformed how the food retail industry operates with both temporary and long run impacts. While food is essential for consumer daily life, alterations in other aspects of consumer lives and their health concerns lead to different grocery shopping behaviors as a response to Covid-19. These changes from in grocery shopping may be due to events that may be long-term such as work schedule and work from home events [4].

Covid-19 has substantially expose to the workers face disparate exposure to health and economic risks. The researcher finds that a substantial portion of this exposure is indirect, cascading from essential and non-essential sectors through supply chains and demand links. It is important to fully understand the distributional consequences of the pandemic and the effects of policies taken to mitigate its consequences.[1]

In terms of relevant work in the area of supply chain risk modelling, stochastic modelling and simulation can be valuable tools for supply chain risk management. Often risk and uncertainty are used interchangeably and in most cases, each risk was assumed to be independent.

This empirical study comprises of the impact of the coronavirus on the online business of Malaysia. On analysing it has found that online businesses are seriously hampered due to this pandemic disease. The country is severely suffering as the death rate is increasing but in the coming days the country's economy has also lowered down. It is expected that to return and to enhance the economy like before is much hard. It is also much harder to increase the sales of the country. It is recommended that researchers must do their research regarding the Covid-19 with every possible outcome. This will help to improve the trading situation between China and Malaysia [5].

The Pandemic of Corona virus is severely impacting the life of the individuals on the whole. It has created an environment of fear, anxiety and stress among the developed and developing societies. To contain this virus, coordinated efforts are required and people need to make uncomfortable yet necessary changes in their daily routine in accordance to the advisories and suggestions by the Government and WHO. This will provide for more opportunities for the medical staff to intervene effectively with the limited resources at their disposal and buy significant time to place additional resources for controlled management of this novel Pandemic. The impact of Covid-19 can also endure and change behaviour, expectations and business practices of retail businesses, consumers and employees in the long run. Redesign building layout to meet consumer increasing in-store hygiene expectations. The pandemic led to various transformations in the food retail industry. The first group in sectors that providing essential goods face a higher health risk

than others at the risk of being infected. The second group in sectors that providing non-essential goods face a higher economic risk than others [6].

An effective strategy to reduce the probability of risks and mitigate the impact of risks on the supply chain performance. The company in the modern retail industry in Tunisia has expressed a growing need for decision support tools that reflect emerging practices of supply chain management and incorporate dimensions of risks in order to optimize supply chain and improve performance [7]. Besides the emergence of internet assisting the retail industry in late 1990's and with the advancement of Industrial Revolution the severity of the pandemic causing retail business interruption are not fatal. According to Kumar [8], the retailers and customers are able to communicate and display the products through social media. However, they are some villain pretending to be the actual retailer causing customer e-banking the product price to the wrong account. So the genuine identification for the retailer and customer and preventing from virus attack must be developed.

4.   METHODOLOGY

Quantitative study is the process of collecting and analyzing numerical data. Quantitative research is a research strategy that focuses on quantifying the collection and analysis of data. Quantitative research is systematic empirical investigation of observable phenomena via statistical, mathematical, or computational techniques.

The objective of quantitative study is to develop and employ mathematical models, theories, and hypotheses pertaining to phenomena. The process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of quantitative relationships. Meanwhile, quantitative data is any data that is in numerical form such as statistics, percentages, and so on that related with numbering [9].

Based on the nature of the retailing industry in business, the study adopted the usage Quantitative Data analysis. This study is focusing on various questionnaires to all tenant in the Mid Valley Southkey, Johor, consisting luxury brand such as Pandora, Habib, Bath & Body Work, Victoria Secret, Michael Kors, Sephora, Charles & Keith and Tumi.

Statistical Package for the Social Science (SPSS) to get the results. SPSS Statistics is a statistical package designed by the IBM corporation and widely used by researcher. SPSS is user friendly and various statistical test could be conducted using this software. This statistical software undertakes both comparison and correlational statistical test in the for both parametric and non-parametric statistical techniques [10].

A. Framework

Based on the extensive literature review and suitability of the nature, it is shows research framework that perform Dependent Variable (DV) which is the operational challenges faced by retailer in retail industry and three Independent Variable (IV) which is change in the business process, communication and information and safety environment. Refer to Figure 2.
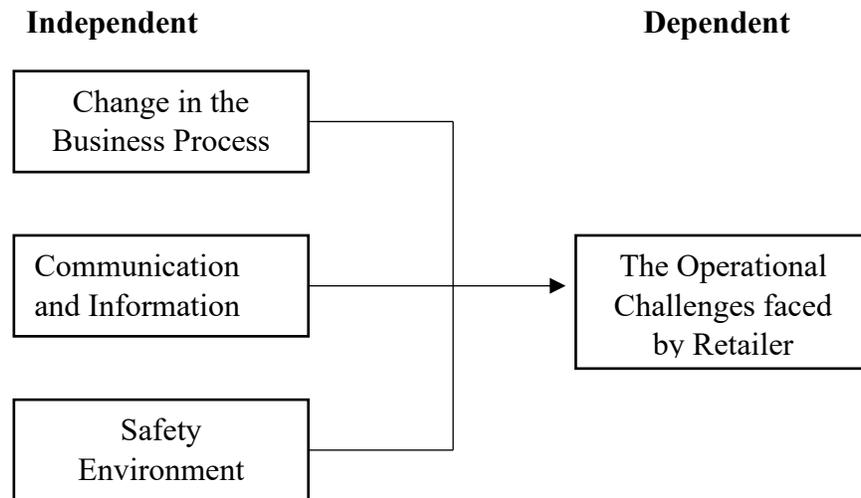
Independent   **Dependent**

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│  Change in the  │──┐
│ Business Process│  │
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│  Communication  │──┼──────▶ │ Challenges faced│
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│     Safety      │──┘
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Figure 2: Research Framework

5.   RESULTS AND DISCUSSION

There are three (3) section inside questionnaire that was given to respondent. First section is Background of respondent. Second Section the researcher focused on the issue which some retailers facing during the pandemic of Covid-19 and the last section is asking respondents for the opinion for practices on mall and tenants during Covid-19. Table 1 describe the background of the respondents by brand.

Table 1: Background of Respondents

Gender	Female (7)
	Male (4)
Brand	Michael Kors
	Tumi
	Charles & Keith
	Sephora
	Bath & Body Works
	Pandora
	Habib
	Swarovski
Position	Manager/ Assistant Manager
	Supervisor
	Retail Associate/Senior Retail &
	Associate

Table 1 showed of 11 respondents which is 64% or 7 female and 36% or 4 male. All the respondent come from 1 male from Bath & Body Works, Michael Kors and 2 males from Tumi. While female from Swarovski, Charles & Keith, Habib, Pandora, Sephora and Bath & Body Works. For position respondent which is 2 Manager from Bath & Body Works and Tumi, 1 Assistant Manager from Michael Kors, 2 Supervisor from Sephora and Bath & Body Works, 2 Retail Associate from Swarovski and Charles & Keith and 4 Senior Retail Associate from Pandora, Habib and Tumi.
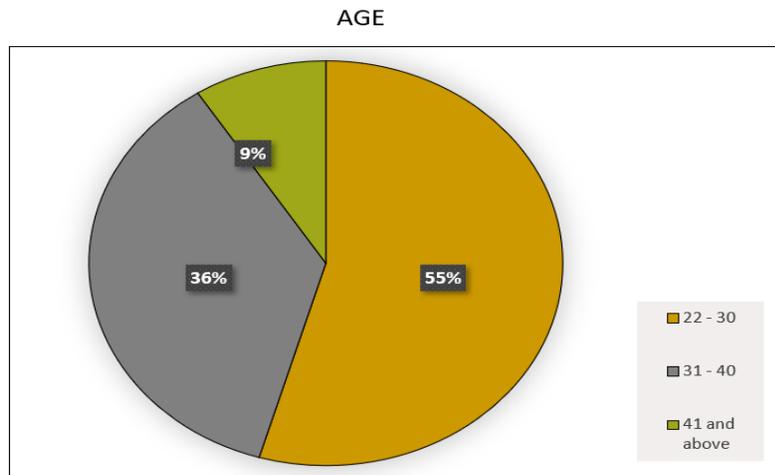

Figure 3**:** Table 2: Background of Respondent by Age

Figure 3 showed based on Age of 11 respondents that researcher get, there is no staff below than 21 years old. Above pie chart shows 55% which is from age 22 – 30 years old, 36% from age 31 – 40 years old and only 9% which is from age 41 years old and above.

Data Analysis Result based on Section 2 which is challenges faced by retailer was shown in Table 3. The result shows during the pandemic Covid-19 it was giving high impact towards sales & employees, changes in commission, staff retention and working hours. While the information from the mall most of the respondent giving the respond toward not help with the most of information giving from the mall during this pandemic Covid-19. For the sales & employees only brand of Bath & Body Works and Habib was not giving impact by the pandemic. While the commission most of the brand was facing with the change of scheme towards their commission. It is also happened towards the staff retention which there's a brand (Swarovski, Sephora) that have to reduce their employees.
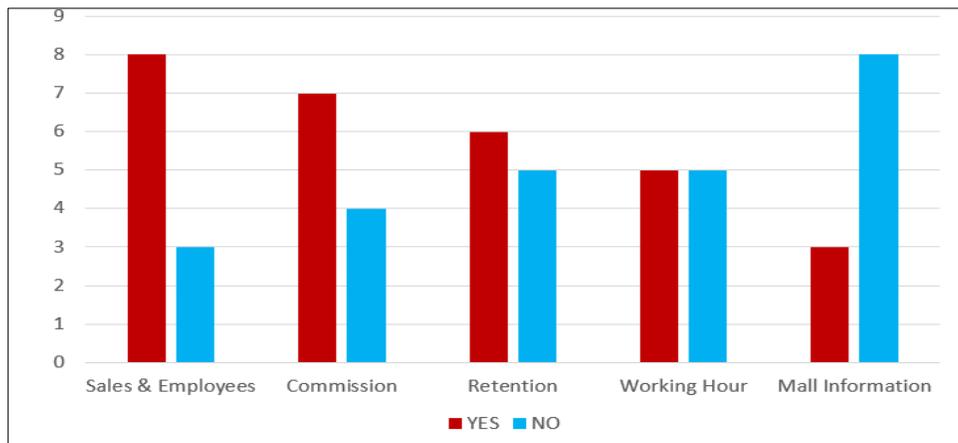

Figure 4: Various Challenges by Retailer

Figure 4 showed the diversion of customer trying to reaching the retailers, when the Covid-19 giving impact towards most of sectors and sales were decreasing. Most of the brand which is Pandora, Habib, Swarovski, Tumi, Sephora, Charles & Keith, Michael Kors and Bath & Body Works were looking forward to get the customer purchase during the pandemic which means they can boost their sales figure. As during Covid-19, footfall traffic for The Mall Mid Valley Southkey was slow and it's hard to get more sales with the lower crowd. The researcher found from the respondent which they cannot wait any longer for customer to walk in the stores but now they are looking for the customers by going online thru WhatsApp Selling, Telegram, Virtual Appointment and Livestreaming.

The high percentage of Business Online by WhatsApp which is 44% and second higher which is by Virtual Appointment 26%. Generally, Virtual Appointments enable customers and retailers to book online consultations through email or an embedded calendar system. People can see and talk to a salesperson through their smartphone, tablet or computer. While another two channel that was used by respondent is telegram which is 17% follow by livestreaming which is 13%.

Figure 5 showed data analysis result based on Section 3 which what can be practices on mall and tenants during Covid-19. The researcher finds out from respondent that Extremely Agree for

the mall management need to create a good communication and information towards all tenants. Other than that, mall management should not keep hiding information between with the tenants which stores that affected by Covid-19. This 2 questionnaire was given extremely agree by the respondent as the respondent wants a good communication between mall management and tenants.
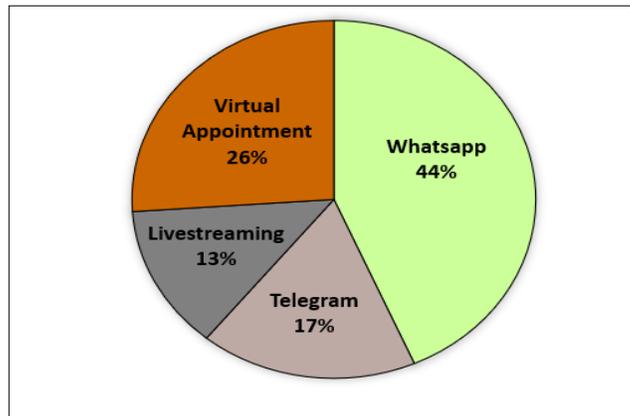

Figure 5: Social Media Diversion

It is important to have a clear communication and information. Respondent are agreeing towards during Covid-19, all tenants need to always ensure wear face mask, keep social distancing and regularly check body temperature from time to time and also new norm for customer behaviour by purchasing online, virtual appointment and livestreaming channel platform. The respondent giving average regarding all tenant and mall management need to be aware about environment Mall and safety by ensure to follow SOP including towards customer by check their My Sejahtera scan, body temperature and always ensure to wear mask.
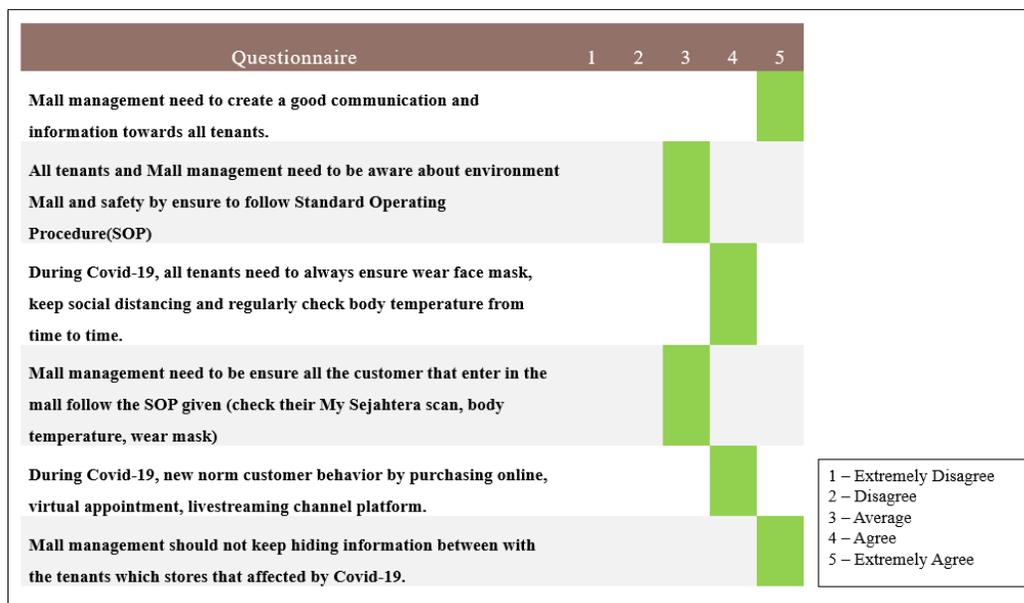

Figure 6: Malls and Tenants Mandatory Practices During Covid-19

6. CONCLUSION AND RECOMMENDATIONS

In conclusion in this research project, as an aftermath of the pandemic outbreak, the changes in our behavior and business practices may change permanently, these changes will inevitably cause inconveniences for customers. Customers will have to bear with long queues, wear masks, and limit their purchasing time inside a store. Due to that, some might option to shop or order online as it is easier and offer more convenience. Some of those that are still in quarantines may have changed their priorities and don't see the need for shopping anymore while some may continue to be anxious and concerned about their safety and may avoid going to physical stores to shop altogether.

In Malaysia, the Movement Control Order (MCO) is reshaping the business landscape as some reported a drop in sales of up to 90 percent. To provide services to consumers and keep workers safe retail organization is facing lots of problems. The researcher had identified the operational challenges faced by the retailer during the COVID-19 outbreak. For essential sectors such as medicine, food, toiletries and others was not having huge impacts as the consumer will always look for it as it was their necessity. While for non-essential sector, during this pandemic Covid-19 was giving huge impact towards sales. The mall management also plays an important role towards to all tenants by ensure all the safety environment.

The result shows, due to this pandemic Covid-19 worker had lost their jobs, the sales are decreasing and the salary was lesser. As the mall management also did not give the correct information towards tenants and its giving a lack of communication between mall management and the tenants. The practical implication of the study can be summarized as follows, demand planning towards giving strategies to have a good and clear communication between the mall managements and the tenants. Others than that, mall management should not keep hiding the right information between tenants. Mall management could give alerts toward tenant to be more precaution if there's a store that affected by Covid-19.

Other than that, the employees should always be consistent by adapt the new norm of selling online by upgrading their telegram channel, improvised in livestreaming and always make a good relationship towards customer in WhatsApp selling and keep update toward virtual appointment during this pandemic Covid-19. Furthermore, it is also found another challenge to retailer nowadays, to find who is their target market because online shopping will be penetrate market for year to come as change in buying preference methods by customer.

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