



# E-commerce Case Study: Managing Business Disruption during & post COVID-19

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Komisi PPSDI GPIB 'Filadelfia'

# Offline industry is “collapsing”

Current as of March 25, 2020

## The hardest hit sectors may not see restart until 2021

Preliminary views of hardest hit sectors based on delayed recovery scenario - subject to change

	 Aerospace/defense	 Air & Travel	 Insurance carriers	 Oil and gas	 Automotive	 Apparel/fashion/luxury
Estimated degree of impact, in terms of duration	Longest					
Estimated global restart	Q3 / Q4 2021	Q1 / Q2 2021	Q4 2020	Q3 2020	Q3 2020	Late Q2 / Q3 2020
Avg. change in stock price	-47%	-51%	-38%	-48%	-35%	-36%
Industry specific examples	<p><b>Aircraft delivery shocks</b> mitigated by size of order backlog; which is currently large (~4 years for wide-body, ~9 years for narrow)</p> <p><b>Aftermarket maintenance will be deeply impacted</b> immediately due to lower aircraft flight hours and operators' cash constraints</p> <p><b>Production at F-35 plants in Japan &amp; Italy disrupted</b> with unclear impact on delivery schedules; expectations for additional disruption as US cases grow</p>	<p>Deep, immediate demand shock 5-6x greater than Sept 11; ~70-80% near-term demand erosion due to int'l travel bans &amp; quarantines now prevalent in 130+ nations</p> <p>N. Hemisphere summer travel peak season deeply impacted since pandemic fears coincide with peak booking period</p> <p>Recovery pace faster for <b>domestic travel</b> (~2-3 quarters); slower for <b>long-haul and int'l travel</b> (6+ quarters)</p>	<p><b>US insurers have been strongly affected</b>, especially reinsurers and life &amp; health insurers</p> <p><b>Reduced interest rates</b> and investment performance <b>impacting returns – esp. for longer-tail lines</b></p> <p><b>Disruptions expected in new business and underwriting processes</b> due to dependence on paper applications and medical underwriting</p>	<p><b>Oil price decline</b> driven by both short-term demand impact and supply overhang from OPEC+ decision to increase production</p> <p><b>Oversupply expected to remain in the market even after demand recovery</b>, and post 2020, unless OPEC+ decides to cut production</p>	<p><b>Existing vulnerabilities</b> (e.g., trade tensions, declining sales) <b>amplified by acute decline in Chinese demand</b>, continued supply chain and production disruption (in China, rest of Asia, EU) to amplify impact despite ongoing Chinese economic restart</p> <p>Headwinds to persist into Q3 given <b>tight inventories</b> (&lt;6 weeks), <b>supply chain complexity</b> (therefore, minimal ability to shift)</p>	<p><b>Overall decline</b> in private consumption and exports of services.</p> <p><b>Demand for apparel categories down sharply overall</b> and expected to take longer to return than economic restart; <b>online growth</b> exists (though hampered by labor shortage)</p> <p><b>Retail stores temporarily closed</b> in many parts of the world – high regional variation</p>

Source: IHS Market, McKinsey Global Institute, Subject matter experts, press reports, Corporate Performance Analytics, S&C Insights, S&P Capital IQ

McKinsey & Company 23

# Offline industry is “collapsing”

Ralph Lauren said it would cut its global workforce by about 15% on September 22, ultimately saving the retailer \$180 million annually.



Defense and aerospace giant Raytheon Technologies announced it will cut 15,000 jobs on September 17.



A visitor walks past the Raytheon stand at the 53rd International Paris Air Show at Le Bourget Airport near Paris. Reuters

As of September 21, Carnival Cruise Line is laying off an unspecified “small number” of its crew members as it reduces its fleet size. The cuts represent the company’s second round of layoffs this year.



United Airlines announced on September 2 that it will furlough 16,370 employees once federal aid expires on October 1.



A United Airlines check-in counter in Atlanta. David Goldman/AP Photo

Lufthansa announced on September 21 that it is further shrinking its global fleet and workforce. The airline did not announce how many job cuts to expect, but noted that it had a personnel surplus of more than 22,000 positions.



Citigroup will continue laying off roughly 1% of its global workforce, the company announced on September 14. The cuts end a previous commitment to pause layoffs amid the pandemic.



**(Online) also** took extra measures



STARTUPS

### Coronavirus drives Indonesia's Traveloka to lay off staff

One in 10 employees affected at travel startup after surge in refund requests



NEWS - BUSINESS

### Gojek lays off 430 employees amid pandemic impact

Eisya A. Eloksari

The Jakarta Post

Jakarta / Wed, June 24, 2020 / 11:03 am



NEWS AND TRENDS

## Airbnb CEO: It Took Us 12 Years to Build, and We Lost Almost Everything in 6 Weeks


Brian Chesky indicates that tourism of the future will focus on domestic travel.



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NEXT ARTICLE



A sunset over the ocean with a large rock formation in the background. The sun is low on the horizon, casting a warm, golden glow over the scene. The ocean waves are visible in the foreground, and the rock formation is silhouetted against the bright sky.

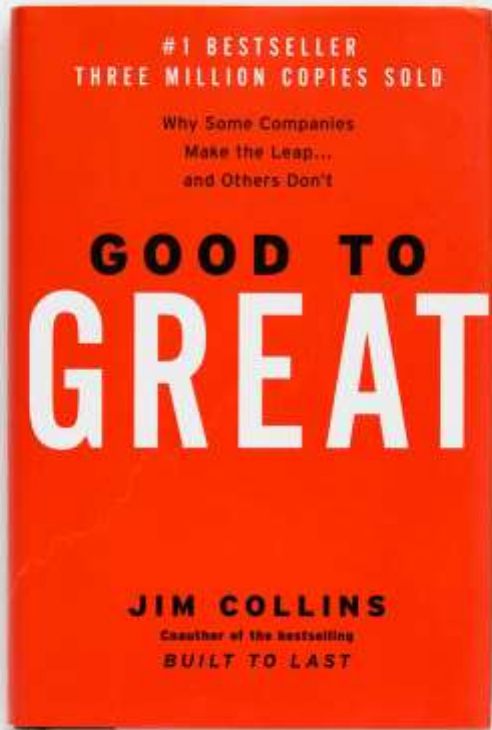
Bad companies are destroyed by crisis,  
Good companies survive them, Great  
companies are improved by them.

Andy Grove

A person is seen from the back, working on a laptop. The laptop screen displays a website with a green and white color scheme, featuring a cartoon owl character and some text. The background is blurred, showing what appears to be an office or meeting environment.

# Consumer behavior changes as the COVID-19 outbreak evolves

McKinsey also reveals that **84% of Indonesians believe that this situation will take more than two months** before routines can return to normal; hence the shifting to online will potentially become a new normal **as consumers expect to reduce in-person activities for a more extended period.**



# So, How **we** should evolves in **adapting to the big shift** in consumer behavior?

Enabling the users for the **fulfilling their demand** and **opening opportunities** to broader area.



# Many of them are now onboarded and **making a good sales...**

**ISMAYA BOTTLE SHOP** 4.8★  
Reply Within 7 minutes • Jakarta Pusat • 1.8k Followers

Product Sold: **1.1rb** | Product Quality: **5** ★★★★★ (10k Reviews)

Follow | Chat Seller | Store Info

Stasiun Toko (0)

Search product in this store

Sort by: Paling banyak

All Product

- DISCOUNT
- PRODUCT SOLD
- PROMO 1 Wine Bottle
- PROMO 2 Wine Bottles
- PROMO 3 Wine Bottles
- PROMO 4 Wine Bottles
- PROMO 1 Bumbu
- PROMO 2 Bumbu
- PROMO 3 Bumbu

Grid of wine bottles and promotional items with prices and ratings.

**Jamu "Bu Har"** 4.9★  
Reply Within 8 minutes • Jakarta Barat • 4.2k Followers

Product Sold: **5.4rb** | Product Quality: **4.9** ★★★★★ (10k Reviews)

Follow | Chat Seller | Store Info

Website

Search product in this store

Sort by: Paling banyak

All Product

- DISCOUNT
- PRODUCT SOLD
- FREE SHIP
- THE ORDER FOR EVENT
- TAMBAH KEMUDIAN
- PRIMO GIFTAL STORE

Grid of various products including clothing, food, and household items.

Popular Brand

P&G | L'ORÉAL PARIS | LOTTE Mart | FABER-CASTELL | NISSIN | Hansaplast

Don't Miss Out!

Lagi Banyak DICARI

Penawaran SPESIAL

Grid of promotional banners for various products like clothing, electronics, and home appliances.

**FUSION STEAK & COFFEE** 4.7★  
Reply Within 1 minute • Kota Tangerang Selatan • 2k Reviews

Product Sold: **29** | Product Quality: **4.7** ★★★★★ (1k Reviews)

Follow | Chat Seller | Store Info

Stasiun Toko (1)

Search product in this store

Sort by: Paling banyak

All Product

Grid of food items including steak, burger, and other dishes.

# Frozen Food on the rise: From “dine-in” to eat at home...



Paxel Naik Daun, Same Day Delivery menjadi Alasan nya



For the next few weeks, consumers say cleanliness and availability of fresh food matter more than competitive prices.

Most important factors in choosing a grocer to go to in the next four weeks, % of respondents selecting factor as top three



**Business Opportunities: Customer Behavior now has been evolved (frozen is ok), demand has been created, and agility to change to adapt new channel management, new business model, and new operations strategy is key!**

# Even Malls is opened now, **customer stays at lowest point, why?**



MARKET INVESTMENT NEWS ENTREPRENEUR SYARIAH TECH LIFESTYLE

CNBC Indonesia > News > Berita

Dampak Covid-19

## 2 Bulan Dibuka, Mal-Mal di Jakarta Masih Sepi 'Bak Kuburan'

NEWS - Ferry Sandi, CNBC Indonesia

12 August 2020 19:28

SHARE |  



Sabtu, 15 Agustus 2020 12:03

Pemulihan Mal Masih Terkendala

## Mal Sudah Buka, Tapi Daya Beli Masyarakat Masih Rendah

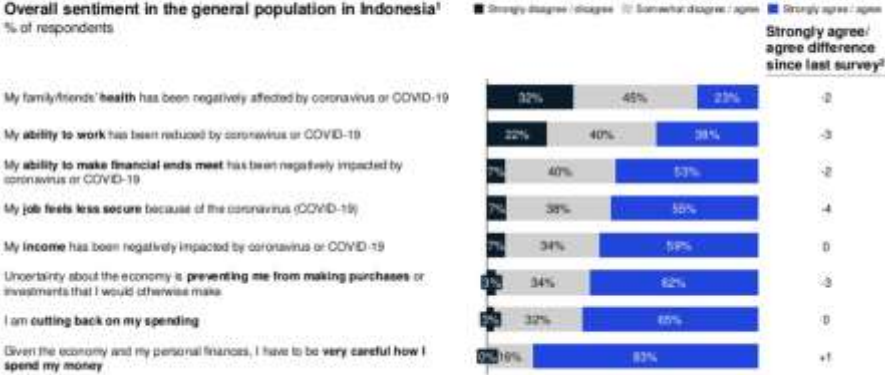
 Share 1

 Tweet



# A: Some customers are concerned about their **financial stability**

## Consumers remain cautious about their spending

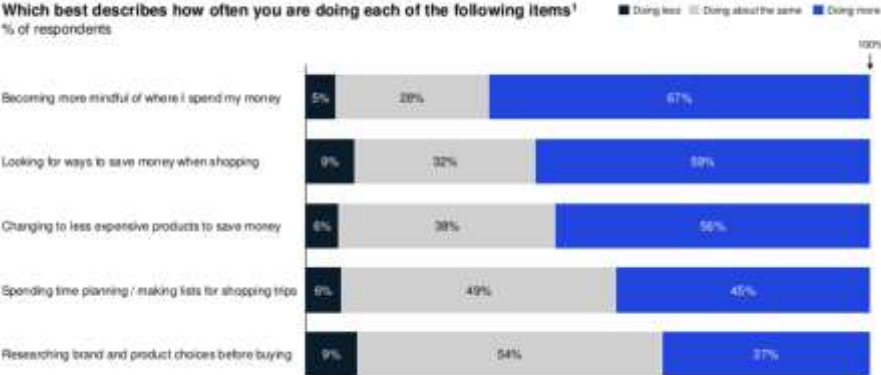


<sup>1</sup> Please include how strongly you agree or disagree with each of the following statements. Please check only one response for each statement. Figures may not sum to 100% because of rounding.

<sup>2</sup> Maximum difference is 'strongly agree / agree' between current and last survey timing.

Source: McKinsey & Company COVID-19 Indonesia Customer Pulse Survey #19-021202, n = 726, sampled to match Indonesia's general population (25 years)

## Indonesians are becoming more mindful of how they spend their money, leading them to adopt new habits



<sup>1</sup> Which best describes how often you are doing each of the following items? (Possible answers: "Doing less since coronavirus started", "Doing about the same since coronavirus started", "Doing more since coronavirus started". Figures may not sum to 100% because of rounding.

Source: McKinsey & Company COVID-19 Indonesia Customer Pulse Survey #19-021202, n = 726, sampled to match Indonesia's general population (25 years)

Customer is changing to buy what they **“need”** instead of what they **“want”**, uncertainty during COVID-19, including potential economic recession has made them becoming more mindful about the spending

# A: Some customers are concerned **about the virus**, and (still) prefer to use E-commerce instead..

30% of Customers are planning to do online shopping more often..

Not only for secondary product but also essentials, and high price items..

## WHAT ABOUT ONLINE?

30% of consumers are planning to do online shopping more often. Despite the relatively small contribution to FMCG, the intention to shop online might be carried over to FMCG as consumers are planning to reduce visit to grocery stores and modern trade



Among those who answer **will increase their online shopping are planning to...**



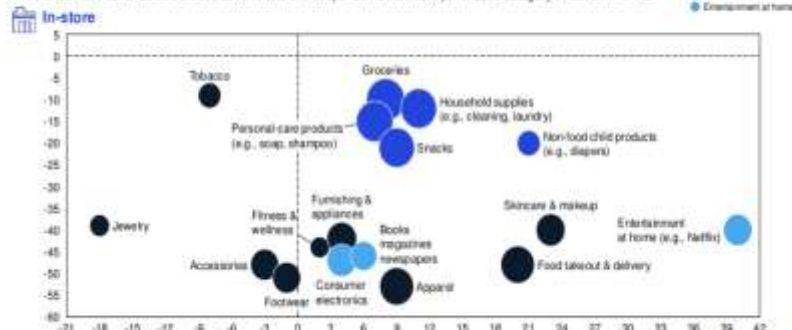
Q: What is the level of impact that Coronavirus Disease 2019 (COVID-19) has placed on your (ACTIVITY)?  
 Base: All Respondents (n= 992)  
 Note: All Respondents who did non-trivial activity

MUCH LESS OFTEN THAN BEFORE THE OUTBREAK  
 A LITTLE LESS OFTEN THAN BEFORE THE OUTBREAK

## Consumers plan to shop more online for most categories; in-store purchase intent remains negative across the board

Expected change in shopping channel per category over the next two weeks<sup>1</sup>

Axis show net intent,<sup>2</sup> bubble size relative to share of respondents that have purchased category in last six months



1) Over the next two weeks, where do you expect your top three categories? Tell us how you plan to shop in the following please note, about the same, or less in the next two weeks please note. If you don't buy in one of these please skip and avoid in response sheet, please avoid 'NA'  
 2) Net intent is calculated by subtracting the % of respondents stating they expect to decrease shopping frequency from the % of respondents stating they expect to increase shopping frequency  
 Source: McKinsey & Company COVID-19 In-store Consumer Pulse Survey & FMCG Survey, n = 786, reported in north America on general population 21+ years

Online

McKinsey & Company

# Easy and ultra-convenient ways to fulfill consumer needs, enabling them to focus on **health** and **financial stability**, beyond e-commerce!

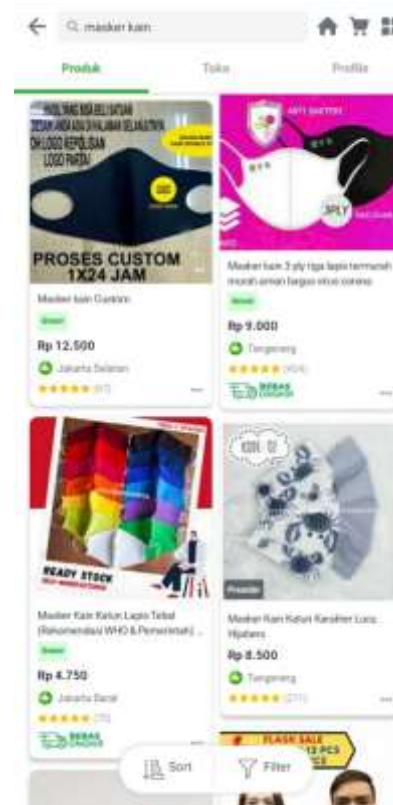
Provide **free shipping** across Indonesia

Support govt on **updating COVID-19-related info**

Part of cashless society by empowering **cashless payment**

## Beyond just marketplace:

- Digital products, i.e., phone credit, paying various bills
- Fintech products, i.e., e-gold, online loan
- Government services: i.e., tax payment
- Donation and Zakat

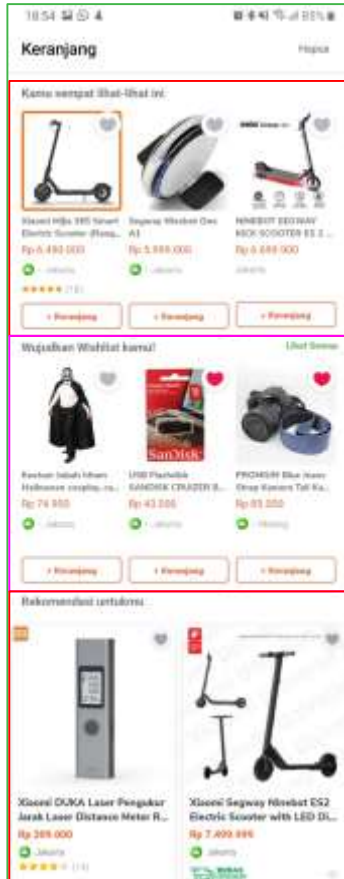


- Millions of shop options
- Regularly updated stock and supply
- Transparent & competitive pricing

Supported by **24/7 Support** – You'll not find this at Mal



# With “Hyper-personalization” to save time: **Beyond user segmentation**



The App should capture:

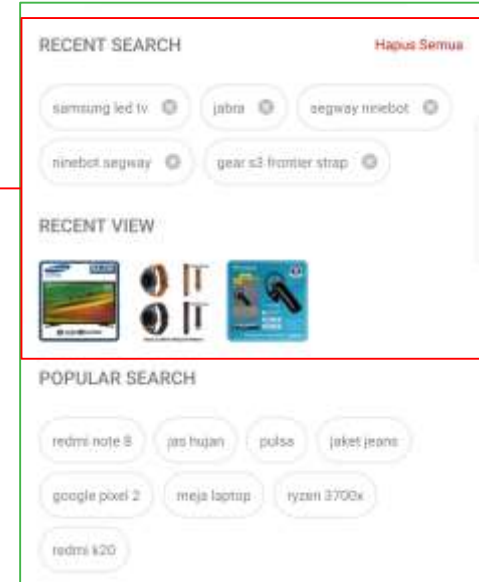
**browsing patterns**

**content interests**

**purchase histories**

in precise “micro-moments”.

Every time you open it, there's something that you're **“teased”** to buy!





# Be mindful, it's **ONLY** the tip of the iceberg...

No news is **NOT** good news in Customer Service..

*(John Goodman, Salesforce)*

70% of millennials consumers feels that self-service is fulfilling, they'd rather do it their own, or **post in social media** instead of calling the hotline or tagging your company account..

*(Nielsen, Delta partners analysis, 2017)*

**Dig & Dive-in, all the time!**





# Disruption Starts with Unhappy Customers, Not Technology

- In the common scenario that executives think technology is trying to disrupt their business, **they'll try to find a way to develop that technology internally or buy it from other i.e. FB acq. WA, IG**
- Yahoo was once the leader in the nascent search engine space but lost the top position to Google and then lost the second position to Microsoft's Bing. **They spent USD2.8Bn to acquire 53 start-up but eventually closed 33 of them.**
- Nokia and Blackberry **failed to quickly adapt** to changes, *customer is happier with open apps environment like android and apple.*
- When large companies decide to **focus on changing customer needs and wants**, they end up responding more effectively to digital disruption.



## Adapt to keep growing even at lowest demand...

- Finding new channel?
- Revamping business model?
- Go pick up the demand?
- Expansion to online?
- Moving the stores?
- Partnership with other company?
- Or even **change the business line?**

*"Life Is Like Riding a Bicycle to Keep Your Balance You Must Keep Moving" - Albert Einstein*

**Stay “alert” & “listen to understand” and act to voice of customer & any performance movement in real-time basis – time is key!**



***Nowadays (where “Netizen” rules), getting your brand down is as easy as #Uninstall(Brand)”***

In conclusion, COVID-19 has ignited new lifestyles and new behaviors which carry tremendous challenges and learnings for all business, especially in the area of customer experience..



## Alertness

*"Listen & Act" to Voice of Cust.*



## Adaptability

*Be ready (easy) for the changes*



## Agility

*Strong, agile, & robust system*



Thank You..