

Based on COVID-19, the analysis of two company business model

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Abstract. Under the influence of the global epidemic in recent years, both online stores and offline stores have obtained different opportunities and challenges, but for them, they may be confused and not know where to go in the future. Therefore, I looked for the data of online stores and offline stores in recent years to analyze where they should start to solve problems and accelerate their development. Through research, online stores encounter more opportunities, while offline stores encounter more challenges. However, I believe that only through win-win cooperation, online stores and offline stores can better occupy the market share and attract more consumers.

Keywords: COVID-19; business model; company.

1. Introduction

Since the outbreak of COVID-19 in 2019, many different industries have been hit by the pandemic. Economic development around the world has stalled and many ongoing projects have been halted because of the different policies that countries have adopted to deal with the pandemic, such as circuit breakers, blockade of shipping, and lockdown of areas, which have prevented the movement of goods, people and money. For these reasons, there are many small and medium-sized enterprises have been shaky, and some of the leading enterprises directly declared bankruptcy. In the post-pandemic era, many researchers have analyzed the impact of the pandemic on different companies in different industries. As a result, some online and offline enterprises have gone into decline, but some industries have been given opportunities to shine. The industries most affected by the pandemic are catering and tourism, which are dominated by offline stores. Compared to the global standard of living before, people's living standards have gradually improved over time. People are also spending more on investing in themselves. In addition, countries are becoming more and more open to their tourism policies, and they are trying to distinguish different food and beverage cultures causing different cultures in different countries to attract tourists. In addition, in the context of technology models and innovative applications, new ideas led by the tourism industry have emerged one after another through the continuous efforts of cross-border and industry. In short, tourism has been paid more and more attention by governments and entrepreneurs all over the world, which is why the epidemic has so strongly impacted it. We will analyze the reasons for this. Therefore, catering and tourism have become the main consumption targets of people. Flow when disease strikes, the world's population decline dramatically, people will not go out consumption and tourism, the stagnation of the logistics, goods can't keep up with closed, shopping malls, change garments according to the clothing no one to buy, less income, fixed rent spending, online operations, relying too much on the delivery platform, the difficulty of the supply chain, the catering industry problems such as shortage of cash flow. Most of the scenic areas are closed and hotels are not doing business. In addition, some scenic spots sell season, and no one patronizes them, which directly skips the opening hours of the scenic spots, and the nearby businesses lose their annual income. As a result, the impact on these industries has been enormous. However, some industries have also gained great opportunities due to the epidemic. For example, the production of a series of epidemic prevention products such as masks and disinfectant water, mobile payment, e-commerce, drones, food delivery platforms, and other industries that do not require dense mobility of workers, and industries that help people not to move, have all seen considerable development due to the epidemic. This study tries to analyze how different enterprises should break the dilemma in their future development under the influence of the epidemic, based on

the process of the global economic recovery of enterprises mainly engaged in online sales and enterprises mainly engaged in offline sales.

This paper will compare the revenue and cost structure of online enterprises with that of offline enterprises from the perspective of the epidemic. And find out the problem and discuss the problem to get the reason, and then give the solution.

2. Main body

2.1 Description of online store

2.1.1 Income

Internet technology has enhanced the feasibility and creativity of online stores, which has brought about huge changes in people's lifestyles. Especially when COVID-19 hit, consumers' behavior of buying a variety of daily goods in large quantities is inconsistent with their daily shopping habits. For example, face masks, tissues, and all kinds of food were sold out in supermarkets. Even though the quantity demanded is higher, the price will go up depending on the quantity demanded. However, due to the panic of the epidemic among consumers, their price sensitivity to consumers also decreased [1]. Worldwide, the retail e-commerce market reached a market share of \$3.53 trillion in 2019 and is projected to grow to \$6.54 trillion by 2022[2]. This data shows that the future market prospect of retail e-commerce is very broad and will attract more and more people to join it. The continuous growth and development of retail e-commerce have even surpassed the traditional brick-and-mortar business mode [3]. Compared to offline shopping, consumers seem to prefer online shopping because of its more competitive prices, convenience, time and space barriers, wider selection, customized services, expert advice, greater access to information, and fast delivery [4]. Many advantages lead to consumers' consumption proportion gradually changing from online to offline, online stores have more and more income, while offline stores have less and less income. In particular, the global online food delivery market has grown at an unprecedented rate in recent years due to the impact of the pandemic [5]. The global online food delivery market could grow to \$182.3 billion by 2024 from about \$136.4 billion today. All these data show that due to the development of science and technology and the impact of the epidemic, people gradually began to enjoy the convenience brought by the development of science and technology to solve the problems caused by the epidemic [6].

2.1.2 Cost

At its peak, the pandemic was devastating to economies around the world. But for online stores, save a series of financial pressures such as rent, labor, and operating costs offline stores. At the height of the pandemic, online stores needed to close factories and suspend supply chains. But governments around the world will restart supply chains as soon as there is a slight improvement. Because of the impact of the epidemic, people are most concerned about the supply of daily necessities such as food [7]. Panic buying and hoarding by consumers have exacerbated the impact of a shift in food demand to retail outlets, leading to short-term shortages. If the government fails to address the basic needs of consumers at the time of the pandemic, it may cause panic among the people of the country and create chaos, so it is urgent to address the basic needs of the people. In that case, if offline stores are used to let consumers make purchases, it will increase the risk of the spread of infection in the country. Therefore, most places will choose to supply daily necessities through the unified delivery mode of online stores. It can be seen that the cost impact of online stores is not huge when the epidemic comes. And in the case of a slight improvement in the epidemic will be the first time to resume normal operation mode. All of the above indicates that it is more convenient and feasible for online stores to maintain low-cost operations when the epidemic is severe than for offline stores. And will be more than offline stores to recover vitality, so the net cost of the time is much shorter than offline stores. In a word, the impact of the pandemic on the cost of online stores is not high.

2.2 Description of offline store

2.2.1 Income

When the epidemic occurred, all offline stores were closed, and population mobility was minimized. These measures have seriously affected the operation of offline stores and the daily life of consumers. Even if some products can be delivered to customers, it is only a drop in the bucket. Because clients rarely leave their homes. Second, even an orderly gradual relaxation of social distancing policies will always have limits. For example, when going to a restaurant, filling your stomach is not necessarily the first goal. Socializing and conducting business negotiations may be the ultimate goal. However, such activities often require a large number of people to eat together, and the restriction of social distancing also prevents people from doing these activities in public places. According to the data survey, worldwide, the customer flow of sit-down meals in restaurants using Open Table has decreased by 83% compared with a year ago[8]. This has been devastating to the revenue of offline stores. Offline stores have been particularly hit by lockdown restrictions, with hundreds of thousands of retail jobs now at risk in the UK alone and non-essential retailers losing an estimated £2bn in weekly pre-Christmas sales as a result of the second lockdown ("An extended lockdown in England could shut some shops for good, bosses say", n.d.). Therefore, for offline stores, customer flow and order quantity are the most important, but because the epidemic is the most limited in the flow of people, the epidemic is a devastating blow to the revenue of offline stores. In addition, due to the recurrence and uncertainty of the epidemic, the inventory pressure of stores will continue to affect the operation of offline stores. For example, some seasonal products may become unmarketable if they miss the sales season. Such as moon cakes, Mid-Autumn Festival lanterns, zongzi, and so on. When long-term inventory is built up because of the increased difficulty of selling, it creates more of a going concern barrier for the store.

2.2.2 Cost

For many countries, the negative impact on the economy is huge. The lack of business in offline stores has left business owners with no income to cover some series of operating costs, such as high rent and labor. So every day during the pandemic, all business owners, especially in the retail sector, are facing enormous challenges.

2.3 Comparison of online and offline store

Revenue: At the beginning of the pandemic, the revenue of online stores could not reach the explosive growth of offline stores. But when the stock of offline stores is snapped up, people often move to online stores. In addition, online stores will be the main way to supply family resources in the future. In addition, the epidemic will inhibit both population flow and economic growth, and offline stores are most dependent on the limited human flow, while online stores only need a small part of the population flow to maintain operation compared with offline stores. All kinds of factors together lead to the fact that although the overall economy of the world is declining due to the pandemic, online stores have a higher market share and a broader development prospect, thus their income has correspondingly increased. As a result, e-commerce has taken a large part of the market share of offline stores. And according to the data of the past few years, the development of online e-commerce has a particularly good prospect, which will attract increased foreign investment in this area. As increasingly capital pours into this area and technology becomes increasingly mature, the development of e-commerce will be faster and faster, and the profitability of e-commerce will be higher and higher. In the future, e-commerce may even completely replace offline stores and become the only way for people to consume. And the human flow that offline stores rely on most is the factor that has been most severely restricted by the pandemic. This will lead to a decrease in customer flow to offline stores, which will lead to a decrease in revenue for offline stores [9].

Cost: In the most basic cost structure, online stores have a natural advantage over offline stores. Big expenses like rent and large numbers of staff would be eliminated. In addition, for plant leasing, online stores also have strong advantages to save costs. If the offline stores need to supply products,

the distance between the warehouse and the offline stores should be considered, but the offline stores are often in places with a high pedestrian flow, which will lead to high rent of the nearby warehouse. However, online stores have only one process, that is, directly from the warehouse to the hands of consumers. Online stores do not have such concerns [10].

3. Conclusion

One of the most important reasons for the huge fluctuations in offline stores is the instability and recurrence of the pandemic. As a result of these reasons, the source of tourists decreased, the flow out decreased, and the source of tourists decreased significantly. Convenience and increased demand for delivery services. Overall consumer confidence is down. And there is a lot of cash flow pressure. The impact of the decline in demand, and cash flow difficulties. Cash flow pressure from upstream and downstream cooperation enterprises. High fixed costs such as labor costs and rent. In addition, it was strongly impacted by online enterprises, such as the closure of stores due to quarantine measures or the shutdown of offline operations in some stores. The pandemic has also accelerated consumers' reliance on the Internet. So, strengthening regulation is an especially important solution. We should strengthen the monitoring and management of cash flow, such as making cash flow forecasts and monitoring mechanisms. Also, strengthen the management of working capital. Companies need to speed up cash transfers, reduce fixed costs, and control cash outflows. Closely monitor the supply of funds in the chain. At the same time, we should raise money and introduce investors, such as making full use of relevant policies to reduce the existing financing cost. Expand access to and access to finance. Introduce investors with an industrial cooperation strategy. Also pay attention to the overall restructuring, such as the disposal of non-core assets, and the return of capital to supplement the core business. Adjusting working capital and improving capital structure are also especially important. At the same time, offline stores should accelerate the transformation, develop online sales channels, and accelerate online and offline integration.

For online stores, the pandemic may be a good catalyst. It makes more capital pay attention to the importance of online store development, and it is also slowly changing people's consumption and living habits. So, with more capital and more potential for exposure, most online stores continue to increase their exposure through different forms of advertising and sponsorship. Just like offline stores always choose places with a lot of people to open their stores.

The precipitous decline in the human flow due to the pandemic will hurt offline stores from a macro perspective. But it is also an opportunity for offline stores to move forward better. Because in the past so years, going offline stores is most people's shopping habits, the offline stores received income and financing are many, but because of the impact of the epidemic, and online stores' strong rise in recent years, I think it would take this opportunity to offline stores like many online stores, the company specializes in learning, combine online sales and offline sales to occupy more market share and give consumers more choices. At present, due to the impact of the epidemic, most offline stores are closed. Companies that operate offline stores can focus more on the key factors for the success of online stores and have more energy and funds to do this. For online stores, it is also an opportunity to transform consumers' daily lives and habits completely from offline to online. Since online stores have a certain foundation, they will have more advantages and seize the initiative than those companies that focus on offline stores when they transform into online stores. To minimize interpersonal contact, consumers are increasingly using online shopping and other ways of consumption. Many investors will look at this opportunity to invest so that the company with online stores can receive more funds, so as for better development, such as through a large number of advertisements, spokespersons, and promotions to attract consumers. So, at this time, they need to develop their advantages so that they can attract more consumers to the market. In conclusion, I think now, it is exceedingly difficult for a company to be phenomenally successful only with online stores or offline stores unless they can make some phenomenal products. Therefore, a successful enterprise should not only rely on offline stores to attract customers but also rely on online stores to provide

diverse types of consumers with different choices. In this process, you need to rely on different marketing tools to promote your company and product, such as advertising, site setup, social media discussion, promotion, and personal selling. If this is the goal, I believe that the company will quickly occupy a place in the market, absorb more capital, and achieve better development.

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