

Challenge E-Commerce to the Logistics Courier Services Provider during MCO in Malaysia

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Abstract

The pandemic Conv19 that has hit the world has now changed the pattern of life and economy. This contagion caused almost all affected countries to close their economies by introducing MCOs, including Malaysia. To ensure the economy remains competitive during the MCO, many traders, especially consumers, retailers, and shoppers, see E-commerce as a new platform for delivering their business activities. Through E-commerce, they can market their products without having to meet and most compliant with the SOP. The result of the e-commerce boom during the MCO caused an extraordinary increase in sales of goods and required logistics courier services to meet customers' needs. As we know, logistics courier services are an essential pillar to the heart of the movement of E-commerce activities. This paper examines the challenges to logistics courier services in meeting the increasing demand for services through e-commerce.

Keywords: E-Commerce, Logistics courier services, Pandemic Conv19.

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I. Introduction

In today's world, Covid-19 has completely changed the economic and living landscape. Since the virus was detected in Wuhan, China, it has spread rapidly throughout the country, including our country Malaysia. No one thought the virus was so severe that it caused most countries to take steps to close their economies due to the devastating effects of the epidemic. According to World Health Organization (WHO), there are 59,594,460 cases worldwide, and Malaysia records 183,801 cases. To effectively control the current COVID-19 situation, the Malaysian government has implemented different Movement Control Order (MCO) levels. Conditional MCO for areas with the presence of COVID-19 cases; Enhanced MCO for areas with a high number of COVID-19 cases; Targeted Enhanced MCO for a much smaller space with the high number of COVID-19 cases, such as a residential complex or an office building; and Administrative Enhanced MCO for a specific high-risk area but with fewer restrictions. Movement control, lockdown, confinement and social distancing are amongst the governments' effort to safeguard unprecedented public health and economic responses (Craven, 2020). MCO can be likened to the "hand brake" of the economy to all sectors. Sectors such as construction, manufacturing, and the like received very severe temps. The industry's full closure caused the economic cycle to stall and have a maximum impact on the supply chain. Community activities also change drastically where all activities involving buying and selling cannot be carried out face to face because the SOPs are very strict. Changes of business strategies, operations and business conduct, as well as pressures to search for new sources and opportunities for redevelopment are recognize as crucial survival challenges for most business entity (Cassia, 2012). This pandemic began to see a boom in technology being used to ensure business sustainability. Most industry players are beginning to see technology as the best answer to the replacement of existing processes. E-commerce was born out of the technological boom. Today, almost all business entities use E-commerce platforms for their business transactions. It is beneficial considering the platform offered is very wide and exceeds the reach of existing demand.

II. E-Commerce

The move to use an E-commerce platform by traders is brilliant, where it can continue the legacy and stability of their business in this challenging situation. Malaysia has the 2nd highest E-Commerce penetration rate in the ASEAN region. During the COVID-19 pandemic, Malaysia's E-Commerce Industry has expanded at a fast pace. The accelerated E-Commerce industry's growth is mainly due to the increase in the number of online shoppers. The growth has also triggered the transformation of the Malaysian retailers' business strategy toward E-Commerce and Internet-Of-Things (IoT). This has open opportunities for the main logistics drivers in

the country such as Manufacturing, Pharmaceuticals, Food and Beverages, E-Commerce, and Third-Party Logistics sectors.

E-commerce is part of digitalization, which is a long-term development on the landscape level (PETER DANNENBERG, May 2020). The importance of e-commerce platforms that facilitate virtual interactions and include informative and insightful product information (Vallari Chadna, March 2018) and (Sha Zhang, August 2019) describe that consumers might consider to be economic benefits. As (Ju-Yeon Lee, September 2018) explain that firms can increase sales revenue as e-commerce platforms help leverage existing consumers and attract new ones, build social groups, and ensure compatibility with legacy systems. As explain by (Gbale, 2020) in 2019, e-commerce accounted for more than 15 percent of the overall sales worldwide and has seen exponential growth due to the recent pandemic (Dannenberg, Fuchs, Riedler, & Wiedemann, 2020). As (Margaret Meiling Luo, April 2011) suggest that advances in Internet technologies have enabled e-commerce platforms to transform retail and logistics operations that create more economic benefits as reductions of costs and delays. (Atanassova, 2018) describe that growing number of producers using online platforms to sell their product will integrate warehouse management, including the handling and storage of goods between various stages of a supply chain play a significant role in e-commerce operations (Bartholdi & Hackman, 2008). In 2011, Logistic Service Providers (LSP) in Malaysia began offering Cash on Delivery (CoD) into e-commerce activities to support their customers especially for courier services (Nurul Izzah, 2016). In Malaysia, (Global Data, 2020) report that Malaysia's e-commerce market is estimated to register 24.7% growth in 2020. The market is expected to reach MYR51.6bn (US\$12.6bn) by 2024, increasing at a compound annual growth rate (CAGR) of 14.3% between 2020 and 2024.

III. Discussion

Challenge Logistics courier services provider full fill demand by E-commerce during MCO

Logistics management is relevant to all types of organizations like courier services to serve e-commerce enterprises, so logistics are not confined to manufacturing operations alone (Kersten W, 2010). Support by (Yu W, 2013) that logistics management is relevant and related to all enterprises especially in retail management, large firm, Small and Medium Enterprises (SME) (seller/vendor or retailers). Logistics play a vital role in supporting e-commerce by ensuring efficient processing and delivery of orders. In additions, logistics and transport services support the supply chain of essentials which ensures continuity of daily supply to consumers. As (Nurul Izzah, 2016) describe that the efficient delivery and pick-up of items, such as parcels and/or documents are a core operation of any courier service. As explain by (Chang TS, 2012) that the role of the courier services is very important to support e-commerce company's development. To assist e-commerce companies with efficient courier service today, the Courier Services Provider should provide the customer with customer web portal to trace and track the orders and delivery notification through email. The effective of delivery process will help customer.

The very high demand resulting from the purchase of goods through the E-commerce platform causes most logistics companies to have problems meeting the demand. Their storage facilities are minimal and cause delivery delays. As describe by (Othman A, 2012) the provider will often handle shipping, inventory, warehousing, packaging and security functions for shipments. Apart from the lack of facilities, logistics services providers also face inadequate workforce delivery and transport problems. The very high demand not expected by the logistics courier services provider has had a very negative impact on them. It is challenging to manage delivery with minimal input conditions. Increased of e-commerce enterprise development, in their networks have created new needs in the logistics field. For example, the demand of different from e-business's customer which at the same time give a value-added service in logistics management is increasing. Before this, in the traditional way its status made it difficult to find services to fulfil these new needs (Nurul Izzah, 2016). The increase in demand occurred during the festive season during the last MCO, causing most couriers services could not manage the delivery as promised. Strict MCO restriction is also a big problem for courier services where they cannot add staff to meet the ever-increasing demand. Some courier service providers are forced to reject orders because their operations at facilities based reach a maximum. The scenario shows two different sides: e-commerce, the business can grow well, but when we look at the side of e-commerce support services, it is very disappointing because no good planning by logistics providers courier services complicates the activity ecosystem concerned.

IV. Recommendation and Conclusion

The good of courier services is backed by collecting creative ability and managing knowledge to develop innovation (Nurul Izzah, 2016). Logistics courier services providers need to take efficient steps to overcome the problem quickly. Issues such as facilities are not enough to accommodate supply, transport, and workforce need to be expedited. Besides, Logistics courier services need to look features are such as client management, customize billing, rates and services to suit customers' specific needs. As describe by (Fernie J,

2000) Client management is included contract billing, sales tracking, electronic notifications, invoicing and built-in collections tool. Logistics courier services companies need to change through managing of efficient knowledge to become more competitive in services and operations and also market-oriented (e-commerce) and customer-driven (end consumers). Speed and quality or knowledge responsiveness among staff to customers is the next source of competitive advantage, especially in the courier industry. The creativity and improvement can develop when Malaysia's courier services companies know what their customer really need to follow the current situation (Nurul Izzah, 2016). Improvement of performance in e-commerce enterprise activities would impact on the logistics/courier services directly where dealer's e-commerce will be continued in their contract with logistics/courier services efficient (Liu WH, 2013).

An increase in e-commerce companies' developments in their network have created new needs in logistics. For example, a different request of e-business customers simultaneously provides added value services in the logistics management. Previously, it wasn't easy to find services to meet these new needs in the traditional way of status. E-commerce company development, which can also increase the status logistics operations and courier services in the future as relevance, which is essential for the development the economy. It can indirectly open a new chapter in the logistics courier service industry in becoming a catalyst platform for the development of E-commerce. Most importantly, logistics courier services need to ensure that their resources are sufficient and, in turn, can increase the efficiency of delivery and planning.

In conclusion, Logistics courier services have a bright future to become an important industry. E-commerce and logistics courier services need each other in ensuring business objectives are achieved. Customer satisfaction is a clear vision in achieving the goal of speed and efficiency. Moving forward, a more in-depth study needs to be developed to see the extent of the relationship between E-commerce and logistics services providers.

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