

# **The Effect of Covid-19 Pandemic in Ethiopian Online Market,**

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## **Abstract**

*The COVID-19 pandemic has had a significant impact on the Ethiopian online market. The study found that the majority of respondents had never used the online market before the pandemic, and that more than two-thirds of those who did access social media did not make any purchases. The study also found that using the Internet market in Ethiopia was difficult due to a lack of awareness and inadequate Internet infrastructure. The study recommends that companies that provide services to online markets in Ethiopia focus on creating and designing simpler, easier-to-use platforms that do not necessitate a lot of mental and physical effort to complete transactions. The study's findings are important because they provide insights into the challenges that the Ethiopian online market is facing and the potential opportunities for growth. The study's findings can be used to inform the development of policies and strategies to support the growth of the Ethiopian online market.*

**Keywords:** Covid-19 Pandemic, Online Market, Social Media Marketing

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## **Introduction**

The COVID-19 pandemic was anticipated to cause one of the worst global economic recessions in recent memory, and it took some time for the global economy to recover to its pre-2020 levels. Additionally, the pandemic was primarily affecting the rates and modes of consumer product consumption. The WHO declared COVID-19 a pandemic in mid-March 2020; however, the economic impact on Africa may have started before the first cases were reported. Due to the pandemic's strong communicability, Ethiopia's COVID-19 response was harsher and more lethal. It resulted in a substantial number of fatalities and deaths. The virus was also transmitted within 213 nations, including Ethiopia, with a highly rapid transmission. Therefore, this empirical study investigated the effects of the pandemic in line with identifying the current status found in Ethiopia.

Shortly after confirming the presence of Covid-19 in the country, the Ethiopian government moved swiftly to implement containment measures: closing schools, shutting nightclubs and entertainment outlets, and prohibiting religious, sporting, and other large public gatherings. The

government closed Ethiopia's land borders and suspended flights to more than 80 destinations. It also postponed the general elections scheduled for August 2020.

While many parts of the world were debating whether to take the pandemic seriously, the Ethiopian Health Minister Dr. Lia Tadesse, a highly respected health practitioner who was appointed to the job just one day before the outbreak, sprang into action, immediately subjecting incoming travelers to a mandatory 14-day quarantine. The government also moved decisively to require the wearing of face masks in public places and enforced social distancing measures. The Ministry of Health deployed thousands of community health workers across the country to educate and screen individuals at home. As an extraordinary step, the government pardoned more than 4,000 prisoners to prevent the spread of the virus through the prison system.

The early health efforts had thus far contained the spread of the virus. But in recent weeks, the number of cases had spiked, mostly from sustained community transmission. The government had to maintain its safety measures and continue to deploy community health workers to every region.

In addition to immediate health measures taken by the government, on April 8, 2020, Prime Minister Abiy Ahmed declared a state of emergency under Article 93 of Ethiopia's constitution, which allowed the government to undertake exigent measures to safeguard the social and economic health of the country. Under this step, the government launched several adjustments to its fiscal and monetary policies, including support to businesses as well as policies on imports and exports: such as accelerated processing of VAT refunds to businesses; the National Bank of Ethiopia set aside a 15-billion-birr (\$450 million) liquidity facility for private banks to support their clients, especially businesses adversely affected by Covid-19; tax exemption for the importation of products related to curbing the outbreak. Thus, the researcher was inspired to conduct a study in the title of the impact of the Covid-19 pandemic on the Ethiopian Online Market.

Since the news of Ethiopia's first case of Coronavirus on March 13, 2020, various multi-sectorial measures had been taken to counter its spread, including the declaration of a national state of emergency on April 8, 2020. The country

had banned public gatherings and other social activities of more than four people until September 2020, and rigorous public health services were provided in a way of limiting the dissemination of the pandemic.

Throughout the five-month emergency, certain activities were prohibited, constrained, or shut down. All public events: All religious, official, non-official, commercial, political, and social gatherings were prohibited. Each member of the group of four is expected to maintain a distance of two meters between them at all times. Other activities include handshake greetings, crossing land borders, reducing workforces, student and teacher meetings, and social distancing measures. Sports events and children's playgrounds were also closed.

### **Problem Statement**

Online marketplaces run by third parties have outperformed e-commerce enterprises since the new coronavirus illness (COVID-19) pandemic broke out. In a nutshell, businesses with all-digital business strategies have fared better during the present financial crisis. The spread of the epidemic has highlighted the trend toward increased social media usage in

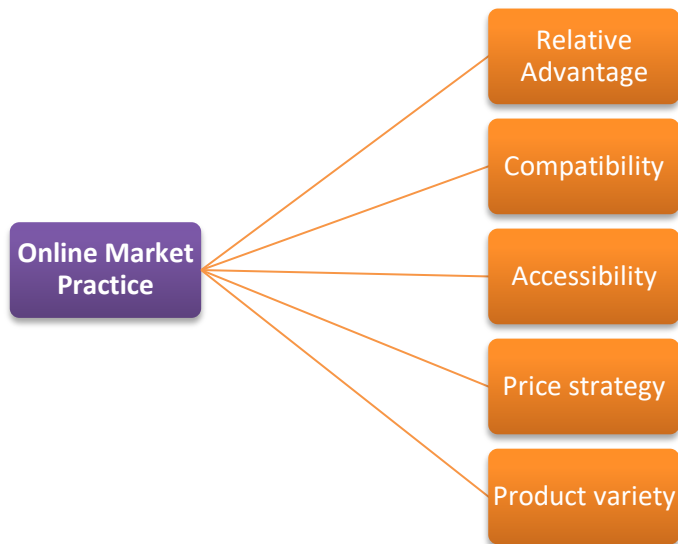
the internet market and an increase in e-commerce website sales. In response to the requirement to source necessary commodities, changes in consumption patterns have also been noted. Different e-payment techniques, especially those utilizing mobile money, have become more common in Ethiopian usage. In response to the coronavirus outbreak, the Ethiopian government promulgated new rules on April 8, 2020, that eased mobile payments and raised transfer limits, both of which have the potential to change the tech industry and provide much-needed jobs. Online marketing makes communal life easier, according to how it is used around the world. Customer feedback on online usage, however, has not yet been looked at.

## **Objectives**

The objectives of the present study are:

- To determine the online marketing practices during the period of the COVID-19 pandemic
- To identify the factors that affect online marketing practices

**Figure 1: Online Market Practice Model**



**Research Model (adopted from related literature review)**

**Hypotheses**

Based on the research model, the followings were the hypothesis proposed for this study:

**H<sub>o1</sub>:** There is no significant effect of Relative Advantage on Online Market Practice.

**H<sub>o2</sub>:** There is no significant effect on Accessibility and Online Market Practice.

**H<sub>o3</sub>:** There is no significant effect of Compatibility on Online Market Practice.

**Ho4:** There is no significant effect of Price sensitivity on Online Market Practice.

**Ho5:** There is no significant effect of Product variety on Online Market Practice.

## **Research Methods**

### **Research Design**

The study employed a descriptive research design by following a survey approach. The reason for selecting a descriptive research design was that it is a systematic method for gathering information from a relatively large number of cases at a particular time (Best and Kahn, 1989). Moreover, it is relatively better at describing the extent of correlation between variables. Since the objective of this research was to explore the present status of the online market and to analyze the impact of Covid 19 on the online market, the descriptive method was found to be appropriate.

### **Research Population and Sampling Techniques**

A population is a group of individuals who have one or more characteristics in common as defined by Kothari (2000). The target population of this study was customers who were living in Addis Ababa city and used to purchase different items using online platforms during the pandemic. The sample



respondents were selected randomly from the researcher's contact lists who were using social media, such as Telegram, Facebook, and email.

### **Sample Size**

The researcher determined the sample size by using Cohen (1988), which suggested that at a confidence level of 95 percent and a confidence interval of 0.05. In the city, the numbers of customers found were more than a hundred thousand. Accordingly, the sample size of 384 has been taken from the total population using the Cohen formula.

### **Data Gathering Instrument and Data Organization**

The research generally used quantitative data. Therefore, to obtain the required data, a structured questionnaire was administered through an online platform in adherence to the COVID-19 regulations of minimizing close contact to reduce transmission. Thus, the researcher collected data online with Google Forms. The researcher also used secondary sources of information as sources of data from the mix of websites and articles. Questionnaires were distributed to 384 respondents and 308 copies were completed and used for the analysis. Primary data were entered into the SPSS and analyzed by using inferential statistics.

## Data Analysis

### Correlation Analysis

To define the direction of the relationship between the variables and evaluate the magnitude (between -1 and +1), Correlation analysis was employed. This particular type of analysis is useful when a researcher wants to establish if there are possible connections between variables (Online Market Practice, Relative Advantage, Accessibility, Compatibility, Price sensitivity, and Product variety).

The following table portrays the summary of the correlation coefficient

		OMP	RAd	Acc	Com	PrSy	PrV
OMP	Pearson Correlation	1					
	Sig. (2-tailed)						
RAd	Pearson Correlation	.672*	1				
	Sig. (2-tailed)	.000					
Acc	Pearson Correlation	.715*	.921*	1			

	Sig. (2-tailed)	.000	.000				
Com	Pearson Correlation	.871*	.832*	.843*	1		
	Sig. (2-tailed)	.000	.000	.000			
PrS	Pearson Correlation	.778*	.804*	.757*	.874*	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
PrV	Pearson Correlation	.848*	.704*	.707*	.877*	.784*	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
*Correlation is significant at the 0.01 level (2-tailed).							

OMP=Online Market Practice, Rad=Relative Advantage, Acc=Accessibility, Com= Compatibility, PrS=Price Sensitivity, PrV=Product variety

**Source: Survey data**

Table 1 shows the simple bi-variant correlations between various variables under study. It was explained that the dependent variable (Online Market Practice) was found to be significantly ( $p < 0.01$ ) associated positively with the

independent variables (Relative Advantage, Accessibility, Compatibility, Price sensitivity, and Product variety). The significant association between the dependent variables and the independent variables was reported from higher to lower as follows: *Compatibility (0.871)*, *Product variety (0.848)*, *Price sensitivity (0.778)*, *Accessibility (0.715)*, and *Relative Advantage (0.672)* correlate with significant at the 0.01.

This value shows that there is a very strong positive correlation between the variables. It means that with the increase in the Practice of Online Market provided, it will increase the level of determinant variables among the customers. These results are also consistent with one of the studies conducted in Nigerian by Olatokun and Gbinedion (2009); the Kuwaiti population by El-Haddan and Almahmeed (1992), the Canadian population by Marshall and Heslop (1988). Hence, the above attributes have strong relationships with customers' Practices on the use of the Online Market.

### **Regression Analysis**

Multiple linear regression analysis is used to determine the effect of multiple independent variables on the dependent variable. Therefore, in this research project, multiple regression analysis was used to examine the practice of online marketing at the time of COVID-19 in Ethiopia. Before the in-depth test of multiple linear regressions, the assumption test was processed (Normality Test, Linearity Test, Multicollinearity Test, and Homoscedasticity Test). Hence, the assumption tests showed that there are acceptable data to regress on the variables. Multiple regressions are the most common and widely used to analyze the relationship between a single continuous dependent variable and multiple continuous on the categorical independent variable (George et al, 2003).

The tables below present the results from the multiple regressions carried out using the five variables: Relative Advantage; Accessibility; Compatibility; Price Sensitivity and Product Variety as the independent variables and Practice of Online Market as the dependent variable. This was done to determine the best linear combination of the variables for predicting the Practice of the Online Market.

**Table 2: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.896 <sub>a</sub>	.803	.800	.36567

a. Predictors: (Constant), Product variety, Relative Advantage, Price sensitivity, Accessibility, Compatibility

**Source:** *Survey Data*

Model summary (table 2) of output is very important in describing overall relationships between dependent and independent variables (R), the goodness of fit (R square), and the standard error of the estimate.

To determine the strength of the relationship between those variables, a value of R which is assumed to be 0.896 was established to show that the relationship between dependent and independent variables is very strong. Results have shown that 89.6% of variations were caused by the independent variables.

Similarly, the  $R^2$  value shows us how close the data are to the fitted regression line. The overall predictability of the model is shown in the above table. The  $R^2$  value of 0.80 indicates that the model explains that 80% of the attributes were responsible for overall customer Online Market Practice. It means that there existed a positive relationship between all independent variables and a dependent variable. Moreover, this model shows a figure of the standard error of estimate i.e. 0.366, meaning that actual data is 36.6% dispersed from the regression line.

**Table 3: ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	165.617	5	33.123	247.723	.000 <sup>b</sup>
	Residual	40.515	303	.134		
	Total	206.132	308			

a. Dependent Variable: Online Market Practice of ATM

b. Predictors: (Constant), Product variety, Relative Advantage, Price sensitivity, Accessibility, Compatibility

**Source: Survey Data**

The ANOVA in Table 3 shows that P-value is much less than 0.01, and this result signifies that there is a significant impact between the variables. Hence, the model is accepted. So, it tells us that there is a strong impact of Product variety, Relative Advantage, Price sensitivity, Accessibility, and Compatibility on the Practice of the Online Market.

**Table 4: Regression Model (Coefficients)**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.038	.136		-.277	.782
Relative Advantage	-.308	.068	-.325	-4.517	.000
Accessibility	.236	.081	.207	2.903	.004
Compatibility	.567	.083	.549	6.861	.000
Price sensitivity	.167	.070	.133	2.372	.018
Product variety	.354	.055	.345	6.425	.000

a. Dependent Variable: Online Market Practice



Source: Survey data

Online Market Practice =  $f$  (Product variety, Relative Advantage, Price sensitivity, Accessibility, Compatibility)  
mathematically it can be written as: Where,

Y = Online Market Practice

X1 = Relative Advantage

X2 = Accessibility

X3 = Compatibility,

X4 = Price sensitivity

X5 = Product variety

There  $\alpha$  is constant while  $\beta_i$  are coefficients of estimates and  $e$  is the error term.

$$Y = \alpha + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + \beta_5x_5 + e$$

Using the regression output from the above tables, estimated the following relationship model:

$$Y = -0.38 - 0.308X_1 + 0.236X_2 + 0.567X_3 + 0.167X_4 + 0.354X_5$$

## Testing the Hypothesis

As depicted in the above model, all independent variables are useful to predict the Practice of Online Market in the case of Addis Ababa city. In this regard, relative Advantage ( $\beta = -0.325, P < 0.005$ ) was found to have a significant effect on the Practice of the Online Market. As a result of this, Hypothesis (H1) is **rejected**. As customers responded, the advantages of using an Online Market have made them prefer the traditional Market/face-to-face market with considered time, accuracy, and reduced costs. The significant contribution of Relative Advantage to Online Market Practice technology is consistent with previous research involving information system acceptance (Horton et al., 2001).

In other instances, the Accessibility variable ( $\beta = 0.207, p < 0.05$ ) shows significant relations to the Practice of Online Market. Therefore, Hypothesis (H2) is **rejected**. Findings from this study suggest that Online markets are easy to use and more likely to be more widely adopted; however, it contributed less than Relative Advantage and Compatibility to the above model. The significant contribution of Accessibility to the Online Market Practice model has already been earmarked by various scholars like Kolodinsky

et al. (2004) and Chen et al. (2002), and the finding in this regard is favored.

The result of the regression analysis in Table 4, above shows Compatibility had a major effect on the Practice of the Online Market in Addis Ababa with ( $\beta = 0.549$ ,  $p < 0.05$ ). The Beta value of Compatibility is 0.549 which indicates that a 100% change in usage pattern leads to a 55% change in overall attitude at a P-value of 0.000 which is significant for the Practice of the Online Market. From the responses, it can be deduced that the Online Market system is compatible with user requirements and lifestyles and considers the local language. As a result of this, Hypothesis (H3) is **rejected**. This finding is also consistent with Friday and Mary's (2013) findings. Similarly, McKenzie, 2001; Sherry, 1997 argued that a lack of Compatibility in IT with individual needs may negatively affect the individual's use of the innovation.

As the above model indicates, Price sensitivity ( $\beta = 0.133$ ,  $p < 0.05$ ) was found to have significant relationships with the effect of Online Market Practice on the customers. As a result, Hypothesis (H4) is **rejected**. The findings indicate that Online Market is usually found on public websites, and fewer queues exist while using Online Market compared to a conventional marketing system. However, compared with

the other four variables it has less effect on the Practice of the Online Market in Addis Ababa's customers.

The last variable in this model, Product variety ( $\beta = 0.345$ ,  $p < 0.05$ ) was found to have significant relationships with the effect on Online Market Practice in Addis Ababa's customers. As a result of this, Hypothesis (H4) is **rejected**. The results showed that the respondents have attempted to use Online Market to get a variety of products as per the demand. Hence, customers who want to purchase items online are expecting to get different types of products as per their interests. Therefore, the findings suggest that potential users of the Online Market may well benefit from product variety as an introduction to using the technology. However, the significant contribution of Product variety to the Online Market Practice model was inconsistent with the finding of Friday and Mary (2013).

### **Conclusion and Suggestions**

The study confirmed that the practice of Online marketing was overwhelmed by various problems. For instance, Relative Advantage, Accessibility, Compatibility, Product Variety, and Price Sensitivity created a favorable

environment for successful ICT integration for the practice of the Online Market.

The findings revealed that extended services and food supply were adversely affected by the outbreak of COVID-19. It was universal among the key informants that travel restrictions reduced farmer-extension workers' physical interaction and farmers' training. The use of social groups for communication during lockdown helped to reduce the spread of COVID-19. Researchers recommend the development of online marketing strategies where people can make orders of various products and become booked for purchases or deliveries during a specified time range. This goes a long way in minimizing people coming together in large numbers and the risk of contracting COVID-19.

Similarly, as the result shows, compatibility was the highest predictor than the others on the impact practice of the Online Market. Thus, it can be concluded that Online Market service companies providing Online Market technology should be fitted with their customers' lifestyles. So, those Online Market service companies should give much attention to customers' current status and demand before enforcing the technology.

Moreover, the remaining attributes also significantly affected the prediction of the Online Market Practice in Addis Ababa. Hence, the combination of these attributes met users' expectations and/or specific needs for the technology to be properly practiced. Thus, Online Market service companies should see to the development and design of less complex and easy-to-use systems that do not require a lot of mental and physical effort to accomplish transactions.

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