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**E-commerce Impact in Emerging Economies like Peru during COVID-19**

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**STATEMENT BY THE AUTHOR**

I hereby declare that this submission is my own work and to the best of my knowledge, it contains no material previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis. This dissertation of intellectual property belongs to Wuhan University.

Author: Cristel Chu Date: April 8th, 2021

# 

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# Abstract

This study examined to what extent e-commerce impacts adults with purchasing power living in Peru under a long period of lockdown, due in this case to the COVID-19 pandemic, including how feasible it is for these adults to access such platforms. The methodology used was quantitative, with data collected from a survey conducted among people living in Lima, Peru. Emerging economies are urged to build well-developed e-commerce systems that benefit consumers in the long term and allow businesses to pursue their projects. Laws that establish and develop well-structured e-commerce systems and that increase the possibility of successful online selling are crucial. The results revealed that customer service affects consumers’ trust and satisfaction level with the delivery of the products bought online. Furthermore, a significant relationship was found between how safe people feel sharing their credit card online and whether they intend to continue shopping online. The study also found a strong relationship between e-commerce reactivation of economy and reduction of infections if people bought mainly online, which falls within the reasonable range of significance (*p* < 0.05 or *p* = .035).

**Keywords**: e-commerce, emerging markets, COVID-19, consumer trust, online shopping, Peru

摘要

这项研究考察了电子商务在多大程度上影响了生活在秘鲁的有购买力的成年人，他们长期处于封锁状态，这是由于COVID-19疫情，包括这些成年人访问这些平台的可行性。所采用的方法是定量的，数据是从秘鲁利马居民的调查中收集的。敦促新兴经济体建立完善的电子商务系统，使消费者长期受益，并允许企业发展自己的业务。建立和发展结构良好的电商系统以及立法保障网售成功性的条款显得至关重要。结果显示，对顾客的服务影响消费者的信任。此外，研究还发现，大多数网民认为使用信用卡的安全感程度与是否打算继续网上购物之间存在着显著的关系。研究还发现，如果人们主要在网上购物，电商重新激活经济和疫情得以控制之间有很强的关系，这属于合理的显著性范围

(p < 0.05 or p = .035).

**关键词：**电子商务，COVID-19，新兴市场，网上购物，秘鲁

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# Chapter 1: Introduction

The virus SARS-CoV-2, which official name is COVID-19, appeared as a minor outbreak in Wuhan, China, that has since escalated into a global pandemic. From that moment, people have been looking for ways to adapt to a new lifestyle with strict lockdowns and quarantines. To contain the virus, world leaders have imposed border bans, blocking entire countries and restricting travel and outdoor activities (Turabian, 2020). With this disruption to normal life, social distancing (i.e., physically separating from those outside of one's immediate family) and home quarantine have become the new way of life (Diamond & Willan, 2020; Hoy-Gerlach et al., 2020; Mathew et al., 2020).

As a developing country, Peru has been highly affected by the virus since it has little experience with pandemics, and its health system lacks a well-organized structure. Though Peru is currently suffering political instability that makes it challenging to shift the focus to e-commerce, it seems necessary for an emerging economy to build a robust e-commerce system when going through a pandemic like COVID-19. Online shopping can save lives since it decreases human contact. The government’s role is to ensure customers trust these kinds of platforms so demand can increase.

There are many barriers to successful e-commerce in Peru. In 2019, almost 15 out of every 100 older adults living in Peru were in a condition of poverty; in other words, their spending level did not cover the cost of one basket of both food and non-food items. In rural areas, poverty affected 32% of older adults. However, the capital, Lima, and the Constitutional Province of Callao are the territorial areas where the highest number of infected people with COVID-19 have been registered, and only 7.1% of older adults there were in poverty in 2019 (INEI[[1]](#footnote-1), 2019). Another problem is that many people from rural areas of Peru have been motivated by a lack of work opportunities to migrate to the outskirts of Peru's cities in search of a better quality of life, where they frequently live in crowded, low-quality environments. Additionally, compared to men in general, indigenous women generally have fewer educational and economic opportunities, and their employment is often low-paid, according to the International Fund for Agricultural Development (IFAD, 2018).

E-commerce is a relatively small market for Peruvian businesses; although, there has been a vast increase in the last five years. Many businesses are switching to online stores due to factors like rent costs, safety, and staff wages. Nevertheless, paying online is not common in Peru. The country has not yet developed a widely used payment system that is both convenient and efficient. This represents the most significant barrier to e-commerce. Credit cards and cash are still the most common tools for payment. Peru has a long history of online payment scams, which is one of the most common reasons why consumers do not trust the internet. Buying items online is not ingrained in Latin American culture yet. However, due to the COVID-19 pandemic, people are being forced to change their habits, and they seem to be more prone to trying online platforms.

Another factor to consider is that Peruvians do not tend to open bank accounts because they do not trust banks. They prefer to hide money inside their houses. In Peru, the percentage of people using banks is 44.1%, and the vast majority of that group have a bank account because their employers only deposit money there or because it is necessary to receive money from third parties who cannot operate in cash. When the end of the month approaches, these people run to the agencies or ATMs to withdraw the cash.

In this study, people living in Lima, Peru, were surveyed, and the data from those surveys was analyzed quantitatively. This thesis, in explaining the study, is divided into five chapters. Chapter 1 includes this introduction, the research background, and objectives. Chapter 2 consists of the literature review. Chapter 3 focuses on the methods and results of the study. Chapter 4 discusses the results and the implications of the current study, and then Chapter 5 contains the conclusion and recommendations. The last part is comprised of the references and the appendix.

## *1.1 Research Objectives*

This study explored how e-commerce impacts adults with buying power living in an emerging market like Peru during a long period of quarantine, due in this case to the COVID-19 pandemic. This topic includes the extent to which such platforms are accessible and what influences the studied adults in their online repurchase intentions.

Further, the specific research objectives are the following:

1. To assess the importance of customer service in online platforms for adults with purchasing power living in Lima.
2. To find out the satisfaction level that this studied population has with their deliveries since the start of the pandemic.
3. To assess what factors make the studied population avoid buying online.
4. To find out the perception of this population regarding e-commerce as a measure to reactivate the economy in a developing country.
5. To find out to what extent the government is helpful in promoting e-commerce during the pandemic in a developing country.
6. To assess if consumer trust influences people’s repurchase intention.

## *1.2 Research Questions*

1. What is the importance of customer service in online platforms for adults with purchasing power living in Lima?
2. How satisfied are adults in Lima with the deliveries of their online purchases since the start of the pandemic?
3. What factors make people reluctant to buy online in Lima?
4. Can e-commerce reactivate the economy of a developing country that is currently going through a severe situation like the pandemic?
5. To what extent can the government of a developing country influence the use of online shopping during the pandemic?
6. What aspects influence the repurchase intention of the studied population?

## 

## *1.4 Hypotheses Testing*

This research aims to provide information that does not exist yet in the literature, regarding the use of e-commerce during a pandemic situation like COVID-19 in Peru and what factors are influencing Peruvians to buy or not online. In addressing this gap, the alternative hypotheses herein are the following:

**H1:** Positive relationship between the satisfaction level of online purchases with customer service exists

**H0:** No significant relationship between the satisfaction level of online purchases with customer service

**H2:** There is a significant relationship between consumer trust and repurchase intention post-COVID-19

**H0:** No significant relationship between consumer trust and repurchase intention post-COVID-19

**H3**: There is a positive relationship between e-commerce as a factor of economic reactivation and promotion of e-commerce by the government

**H0:** No significant relationship between e-commerce as a factor of economic reactivation and promotion of e-commerce by the government

**H4:** A significant relationship between e-commerce reactivation of economy and reduction of infections if people bought mainly online can be identified

**H0:** There is no significant association between e-commerce reactivation of economy and reduction of infections if people bought mainly online

## *1.5 Significance of the Study*

This area of research matters because it could reveal changes in the e-commerce system, more sophisticated information resources that educate people about online shopping, and ways these resources may help in a life-threatening situation. It could also illustrate how urgent it is for developing economies to create a well-developed e-commerce infrastructure that will help people in the long term and will allow companies to undertake their ventures. This research may further serve as an informative tool that people can apply to their use of online resources, and it may encourage governments to create policies that provide a better environment for online business.

# Chapter 2: Literature Review

E-commerce has long impacted and facilitated people’s lives. Giving it a proper use can generate a good effect in the long term, and considering the context of COVID-19, it seems that it is more essential than ever. However, in emerging markets like Peru, a third-world country, it is not always feasible to access these platforms and still a lot has to be done to build up a well-structured system that people can trust and be willing to pay for online.

From the research done, it can be said that there is an increasing interest in e-commerce during COVID-19, but there is still a lack of robust research on how it can help emerging markets economically and socially. The following will show the key concepts discussed in this thesis.

## *2.1 Existing research*

Falk, M., & Hagsten, E. (2015) examined in their study trends in e-commerce and their impact and practices on labor efficiency development for fourteen European nations. When adjusting for business, time, and country impacts, the empirical findings indicate that changes in online sales practices and labor productivity development are strongly associated. In general, their findings suggest that electronic distribution platforms are conducive to business expansion. Nevertheless, the low penetration of e-commerce in companies may mean that related costs or legal obstacles are not permitting acknowledgment of a single market that is digitalized.

Willis, J. (2004) states that the effect of e-commerce on growth and inflation is the main way in which it can influence the economy as a whole. E-commerce allows customers and businesses to be more profitable since they are able to reduce the time and effort required to search for resources and goods, and carry out purchases. Moreover, continuing to expand e-commerce may likewise prompt descending tension on inflation because of greater competition, cost reserve funds, and changes in the price-setting behavior of sellers. He examines the economic factors which contributed to the rapid development of e-commerce and how the future growth of e-commerce may affect the economy in general. The researcher concludes that in case e-commerce keeps on developing quickly, it is very likely to provoke an increase in productivity and lower inflationary pressing factors that endured for a long time.

Pantelimon, F., & Georgescu, T. M. in their study investigates what effect electronic commerce in mobile gadgets development has on the GDP of 2 European countries which are Romania and Germany. The purpose is to know the value of e-commerce before the pandemic time, with regards to economies that are stable, and to examine the overall behavior of the customer about e-commerce during the pandemic. The results showed that the development and progress of m-commerce, as well as e-commerce, had an affirmative impact on the countries surveyed regarding their GDP. What is more, COVID-19 impacted e-commerce around the globe in a favorable way, but the effect on the GDP can not be considered as definite since other sectors were influenced too.

The findings of a survey conducted by UNCTAD, which stands for the United Nations Conference on Trade and Development, where 23 countries from Asia, Africa, and the Pacific participated, revealed that fruitful activities at the national level and expanding on open private participation have been vital in reacting admirably to the COVID-19 emergency and restricting its unfavorable impacts. It likewise emphasizes the significance of increasing more worldwide help and public attention to reforms and investments in specific policies. It exhibits the approach measures the private area considered to be the most effective in assisting COVID-19 recuperation efforts and states that digitalization ought to be giving more thought as we approach 2030 for an endurable progression and as we are heading down to the recovery stage. Some of the key findings include the fact that those market models that are entirely digital have proven to be more robust to the COVID-19 pandemic. On top of that, the crisis has heightened the pattern of increased use of social media and increased purchases from e-commerce webpages, because consumption patterns have been shifted as a result of the demand to obtain fundamental products. Besides, while online payments have grown rapidly, the use of cash upon arrival is still common.

Shu-Chun H. et al., (2007) in their research expressed that information and communication technologies keep on profoundly affecting the economies and social orders in which they are utilized. They prove various hypotheses related to web-based business development. The information was obtained from seventeen countries from Europe over a 5-year time frame (2000-2004), which was examined with panel information regression. The outcomes point out the importance of investigating the models of regional contagion for e-commerce development and the study concludes with a look at some different suggestions for the growth of electronic commerce within a country.

Anvari, R. D., & Norouzi, D. (2016) in their paper studied the impact R&D and e-commerce, as well as other 2 factors, have on economic growth in 21 nations which include Poland, Germany, Greece, Ireland, Italy, France, Netherlands, Norway, Hungary, among others. During the years 2005 to 2013, this investigation utilized the technique of panel data with square regression. The findings affirm that the impact R&D and e-commerce have on GDP was positive according to the PPT which stands for the purchasing power parity, with electronic commerce having a greater advancement impact in contrast with R&D. Other contingent factors such as health spending and the government scale have a favorable impact on GDP, which may be successful in making the economy flourish.

Gonçalves, R., et al., (2015) carried out focus group discussions that resulted in a series of guidelines for improving e-commerce in Iberian businesses, which are fundamental amid emergencies. The first one is to take steps to persuade the Iberian Peninsula government to reconsider e-commerce laws. Second, motivate banks, capitalists to make new ventures that are accessible. Third, to motivate European schools of advanced education to cooperate with Iberian companies so that the specialized expertise can be blended with the knowledge of certain academies. And lastly, build a range of new instructional classes targeted at Iberian companies in cooperation with training organizations and universities, based on topics such as Web 2.0 technologies and creating a clear online corporate identity. Expansions in the transactions done when online shopping can contribute to a shift in attitude and bigger profitability in countries like Portugal and Spain.

According to a study done by Tran, L. T. T. (2021), because of the devastating effects of the pandemic on business operations, the research presented a comprehensive structure for examining the impact of the (PEEP) or perceived efficacy regarding e-commerce platforms on shopper’s apparent monetary advantages in foreseeing long-term demand. This investigation was derived from the satisfaction and usage hypothesis, adding a pandemic dread to the factor. The finding tracks down a positive impact of pandemic dread on the connections between PEEP, monetary advantages, and long-term demand. The input of the study is to look at how economic gain intervenes in PEEP and long-term demand relationship, which is reliable on the degrees of panic due to the pandemic.

## *2.2 E-Commerce and Emerging Economies*

The World Trade Organization describes e-commerce as a tool exclusively for the purposes of the work program, and without prejudice to its outcome. It shall denote the production, distribution, promotion, selling or delivery of products and services by electronic means.

Many specialists agree to define electronic commerce as the commercial exchange of goods and services produced by two or more people through the use of the network (internet). According to Laudon & Guercio (2014), electronic commerce refers to the utilization of the internet and software applications to do business. Put more formally, it encompasses business digital transactions between companies and people.

It is, then, a digital commercial transaction of securities, referring to the sale of goods and services (Kaba, 2008). In general, electronic commerce is “the commercial interaction of two or more parties electronically, instead of direct physical contact or exchange” (Malca, 2001). Everything that is sold and bought online (commercial exchange) is electronic commerce, and there must be an interaction between organizations and individuals in a virtual space.

In addition, e-commerce is divided into many types and each one has its concrete peculiarity as shown below:

Table 2.1: Types of E-commerce

|  |  |
| --- | --- |
| **Modality** | **Characteristic** |
| B2B (Business to Business) | E-commerce between enterprises |
| B2C (Business to Consumer/Client) | Sales between companies & consumers |
| C2C (Consumer and Consumer) | Consumers can sell to other consumers |
| C2B (Consumer-to-Business) | The reverse model of the B2C business |
| M-Commerce | Monetary transaction using an electronic device |

Laudon & Guercio (2009) identify the following types of e-commerce:

* 1. From Business to Business (Business-to-Business/B2B)

This type of business is mainly related to the wholesale trade, here we find companies that do not communicate directly with their final customers but with distributors, importers, or another type of professional buyer (Rayport & Jaworski, 2003).

According to Laudon & Guercio (2009), the greatest form of electronic commerce in which companies focus on selling to other companies is a business-to-business e-commerce (B2B). B2B is an electronic market where the companies demand certain products or services and other companies offer them.

* 1. From Business to Consumer (Business-to-Consumer/B2C) Direct trade business model between the seller and end customer without any intermediary in the commercial transaction.

This type of commerce is considered as an electronic market, through which a Retail customer interacts with an organization (seller) directly. Laudon & Guercio (2009) mentions that the type of electronic commerce that is analyzed most often is business-to-consumer (B2C) e-commerce, where online businesses try to reach individual consumers (p. 20).

* 1. From Consumer to Consumer (Consumer-to-Consumer/C2C)

This term is used to define the business network that commercially relates to the end-user with another end user. Online shopping and sales centers are an example of companies that develop this type of trade, where they apply the role of an intermediary between two end customers. For Rayport & Jaworski (2003), in a C2C commerce, transactions occur between two or more end consumers. These exchanges include or not the participation of third parties, as is the case of the web pages of auctions and exchanges, like eBay.

* 1. From Consumer to Business (Consumer-to-Business/C2B)

Normally refers to the value consumer creates and that commercial companies adopt it later as part of your improvement strategy. Within the concept of value creation is the contribution with constructive criticism and feedback on the purchase experience of a product or service that the consumer performs. This feedback can be leveraged by companies to create strategies for the specific needs of their target customers.

* 1. Mobile Electronic Commerce (m-commerce)

E-commerce is beneficial for those merchants who seek to expand and reach more markets, e-commerce technology allows you to learn much more about consumers and use that information in more effective ways than in the past. M-commerce aims at the sale of products and services through a platform optimized for mobile devices. For Laudon & Guercio (2009) mobile electronic commerce refers to the use of wireless digital devices to conduct transactions on the Web, compare prices in stores, make banking operations, travel reservations and much more.

Emerging markets are taking an increasingly dominant purpose in the economy of the world. These are mainly the most dynamic growth markets and represent a high-risk, high-return opportunity for investors, and are characterized by an increasing dependence on industrialization and manufacturing (OBG, 2020). It is said that developed countries have changed in the last 10 years until 2020 since the financial inclusion and technology adoption has expanded, especially as policymakers implement regulatory changes for risk reduction and encourage growth.

David J. Arnold (1998) theorizes that emerging markets are the key development opportunities in the changing global economic order. Their capacity has resulted in a shift in global companies that typically stress EM investments while engaging with shareholders. In his article, he also establishes three criteria to be included in the definition of an emerging market. The first one is the degree of economic growth (average GDP). The second represents the growth rate of GDP which will indicate the pace of economic development, and the third aspect is a free-market economy's system of market regulation and equilibrium.

As the article of Khanna et al., (2005) noted, they plan to suggest that developing countries are the fastest-growing market in the world for services and products. This is why CEOs should consider investing in these markets and taking into account aspects like the context of market institutions, political and social systems, openness to foreign investment, capital markets, among others. That way your company will be able to stay competitive for a long period of time.

Another research done by Gibreel, AlOtaibi, & Altmann (2018) investigates the emergence of a modern model of social commerce in developing markets. Findings indicate that form factors are an essential part of the production of social commerce. Besides, familiarity and trust play a vital role in mediating transactions between sellers and buyers, and word of mouth represents a crucial role in creating trust and intention to look for goods.

Ather & Ahmed (2015) analyzed in their paper the extent of the key variables from the Ease of Use (PEOU) and Technology Acceptance Model (PU) and others related to digital interaction. In Pakistan, perceived enjoyment (PE), mistrust, perceived pleasure (PE), and legal system (LF) all played a role in determining online shopping willingness, based on members of a cosmopolitan university. The study aims to suggest a model that could help retailers in becoming e-tailers, and urge the government to work on some policies for them.

One case study wrote by Kshetri (2007) examine some features of e-business models that can be used in emerging markets successfully based on a model by an online provider in Nepal with multiple international awards winning. It integrates research on the topic to explain the reasons for implementing this digital commerce into developing countries.

On the other hand, Cavusgil (2011) in his research has concluded that modest advancement can similarly be observed in terms of theoretical growth and the implementation of new constructs. And, lastly, there is still room for work to be undertaken to explore such emerging market trends as the middle class. Barrietos (2016) with his study pretends to address the Internet’s contribution to the private sector and a country’s economy. Moreover, it aims to investigate the characteristics that make the Internet appealing to a company too, in particular the advantages that businesses need to generate. Lastly, aims to reveal the measures that businesses must implement to boost cost-effectiveness in order to place or enhance their merchandise, while at the same time producing greater returns for shareholders.

The International Monetary Fund expected a 7.4% economic contraction in Latin America in its January 2021 World Economic Outlook Update. In countries that depend heavily on external trade and investment, economic recovery could take a long time. Several South American countries hit hard by the pandemic are expected to see economic contractions of more than 10%. Despite the fact that most countries in the region are projected to begin economic recovery in 2021, the IMF's regional growth forecast of 4.1 percent lags behind the world's estimated 5.5 percent growth.

Peru was one of the rapid-growing economies in Latin America, between 2002 and 2013, giving the yearly GDP rate (6.1% per year). Adequate policies and structural changes have given rise to fast growth and low inflation scenario. From 2014 to 2019, GDP grew slower, (3.1% per year), largely due to the fall in the international price of raw materials, including copper, the first export product from the country. This fact reduced private investment temporarily, decreased tax collection and consumption. But the following factors alleviated the impact of the GDP shock. The first was cautious management of monetary, exchange, and fiscal policy which allowed the country to resist a fall in tax collection. The other factor was the increase in mining, that led to more exports and counterbalance the slowdown in domestic demand.

In the case of electronic commerce in Peru, it moved US$ 4 billion in 2019, recording 31% of growth over the last ten years, one of the highest rates in the region. However, Peru still ranks sixth in Latin America in terms of e-commerce volume, explained Helmut Cáceda[[2]](#footnote-2). Peru has been one of the top economies in Latin America for the last few years according to the World Bank Group report since the business environment has improved for entrepreneurs and as the regulatory reforms make it easier for them to conduct their own businesses. Peru also showed great economic growth in the last decade in comparison with its neighbors. The country had sustained positive growth rates for an uninterrupted duration of eighteen years until 2016. In spite of the fact that the growth became slower after the long commodities boom ended by 2012, Peru managed a development ratio of 5.9% in the 10 years paving the way to 2015, almost double the comparable 3% ratio for all Latin-American countries.

From this point, it appears as Peru has a big potential for growth in e-commerce. The young population in Peru, most of whom are under the age of 30, are strongly linked to the Internet. In comparison, 77% of people aged 18 to 25 are frequent users of the Internet. Internet connectivity in Peru is increasing by 10% annually, although it remains deeply segregated. Above 63% of people in Lima have Internet service at home, while access to the internet in rural areas remains very low (INEI, 2020). According to a study conducted by the Supervisory Agency for Private Investment in Telecommunications (Osiptel), this expansion is largely attributed to the fact that Internet penetration in households in the D/E socioeconomic segment increased by about 5 percent between 2012 and 2019, increasing from 12.8 percent to 64.5 percent.

Regarding the Latin America region, up to 2020, only 67% of the inhabitants and 60% of the households use the internet, where 1/3 of the population have limited or null internet access due to its economic condition; meanwhile, 33% of urban homes are not connected to the internet, a great number of people 77% living in rural areas do not have access to the internet either. A significant amount, 40 million households in Latin America, do not have internet. In addition, 42% of people under 25 years and 54% of over 66 years do not have internet according to The United Nations Economic Commission for Latin America and the Caribbean, recognized as ECLAC. Moreover, in Paraguay, El Salvador, Bolivia, and Peru, more than 90% of the children of the poorest households living in unconnected homes.

According to INEI, in Metropolitan Lima, the percentage of the population who has access to the internet in 2019 according to age groups and geographical scope goes as follows:

* from 6 to 16 years: 76.8%
* from 17 to 24 years: 93.5%
* from 25 above: 71.4%

That represents a total of 75.9%.

Table 2.2: Population of 6 years and over that uses the Internet, according to residential area in Peru

|  |  |  |  |
| --- | --- | --- | --- |
| **Area of residence** | **Jan-Feb-March 2019\*\*** | **Jan-Feb-March 2020\*\*** | **Variation in percentage points** |
| **Total** | **54.0** | **60.3** | **6.3 \*\*\*** |
| Metropolitan Lima | 74.4 | 78.5 | 4.1 \*\*\* |
| Rest of Urban Area\* | 57.5 | 64.2 | 6.7 \*\*\* |
| Rural Area | 16.4 | 23.8 | 7.4 \*\*\* |

*Note.* Adapted from INEI – National Household Survey

\* This does not include Metropolitan Lima

\*\* This is preliminary data.

\*\*\* The difference is very highly significant, with a confidence level of 99%.

As it can be observed in Table 2.2, there was a significant increase in 2020 in Internet use compared to the same time of the year in 2019. In the first quarter of 2020, 75.1% of the population aged 6 to 17 years accessed the Internet through cell phones, increasing by 14.1 percentage points compared to the same quarter of 2019.

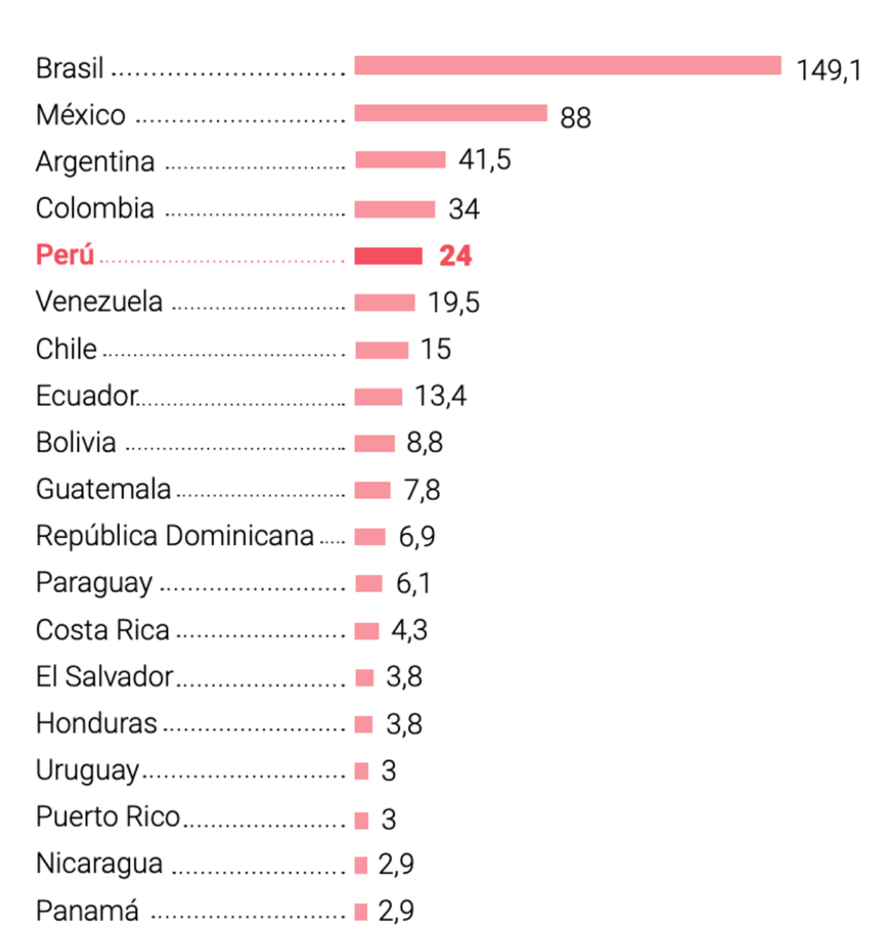


Figure 2.1: Total of netizens in Latin-American countries (2019)

*Note.* Statista, 2019. Figures are depicted in millions.

The Peruvian e-commerce industry reported a rise of 30% in Internet users in 2019, one of the largest in the region. Statista stated that the penetration of the internet in Peru shows a safe atmosphere for online purchases and online transactions. This penetration hit 72.9% of the Peruvian population in 2019. E-commerce was expected to expand, initially, by 200% during 2020 and become the main force behind the country's economic recovery. However, e-commerce actually grew 400% during the first 100 days that the country was in quarantine in 2020, making it one of the pillars of the economy (El Peruano, 2020). Despite the fact that this seems to be a good aspect, the Peruvian industry has not lived up to what is required because the increase in this sector is due to the atypical situation that Peruvians have been experiencing. No bases have been well-established to make e-commerce a shopping alternative (Cáceda, 2020).

Although electronic commerce in Peru is still small compared to other countries in the region, it has made significant progress. It has incredibly grown almost 15 times in the last decade, going from US$ 276 million in 2009 to US$ 4 billion in 2019. In 2009 electronic commerce in Peru accounted for 1.27 percent of the total revenue of e-commerce in Latin America, but after 10 years it already represents 5% of this market. In 2015 the cross-border e-commerce represented 14% of online sales in Peru, by 2019 it took a 25% jump, according to the report Evolution of e-commerce in Peru and Latin America 2009-2019, developed by CAPECE. In the aforementioned study, cross-border electronic commerce moved US$ 1 billion, of which US$ 720 million corresponds to Peruvians who bought abroad and US$ 280 million foreigners who bought in the country.

Nevertheless, Peruvian customers continue to use cash for purchases and that restricts the penetration of e-commerce in the region. An aspect to point out is that according to AMI (Americas Market Intelligence) research, the e-commerce industry in Peru could surpass US$ 14 billion by 2022. E-commerce purchases from mobile computers, laptops, and tablets have risen dramatically. Of the overall e-commerce sales, US$ 1.7 billion has been completed by mobile devices, while US$ 2.3 billion has been completed by desktops (International Trade Administration, 2020).

According to the Interactive Advertising Bureau, which is responsible for promoting Internet use as an incentive and as a communication tool for brands, 4 of 10 online purchasing orders during the pandemic in Latin America were from new users, which represented more than 5 million new clients for the e-commerce world. For the AMI report, the electronic commerce industry in Peru will grow by 319 percent among the years 2018 and 2022.

## *2.3 E-commerce and COVID-19*

As we are all well aware of, COVID-19 has changed people’s habits all around the world. The COVID-19 virus is transmitted mainly by indirect, direct, or near contact with individuals through their infected secretions, such as saliva and respiratory droplets that are released when an infected person talks, sings, coughs, or sneezes (WHO, 2020). COVID-19 has accelerated changes in management, production, and demand in businesses that privilege online channels. E-commerce was already in a growing stage in Latin America, and because of the COVID-19 pandemic, it has doubled its growth in a short time. E-commerce is not only necessary but essential amid such an event. A recent study by Bhatti et al. (2020) explores the fact that online shopping has expanded due to the virus and it is seen as the most reliable tool with online retailers supplying products that have traditionally purchased at the store. It also considered the efficacy in terms of stability, cost and benefit. The study concludes with an open question on the future investigation on how this trend developed over time.

Even before the pandemic hit Latin America, the region was located at its lowest economic growth in decades and had very limited space for fiscal policy. The COVID-19 pandemic struck Latin America and the Caribbean at a time when both economies and macroeconomic stability were in jeopardy. The rate of regional GDP growth fell from 6% to 0.2 percent in the decade following the global financial crisis (2010–2019); although, growth in the 2014–2019 period was the lowest since the 1950s (0.4%) (ECLAC, 2020).

Khosla & Kumar. (2017). observed in their that India did widely use e-commerce in comparison with other emerging countries, and this was mainly because of a low internet user base. Nevertheless, increased technical growth, coupled with internet and smartphone penetration, is a favorable environment for the development of electronic commerce within India. All in all, the research attempts to examine the evolution of e-commerce in India and discusses numerous obstacles as well as the reasons responsible for the potential growth and advancement of e-commerce.

Cáceda (2020) points out that opposite to the context of the COVID-19, it is crucial that the government prioritizes electronic commerce as a measurement to avoid the high contagions provoked by the pandemic. Based on a Peruvian newspaper “Peru21”, online shopping grew by 300% in 2020, compared to the purchases of 2019. People were practically forced to buy online since all the stores were shut down due to lockdowns. We can see here a clear tendency to choose this option in the long term as coronavirus cases in the country increase dramatically on a daily basis.

The authors Palomino et al., (2020) argue in their descriptive correlational study that e-commerce has become a leading role even more now and they conclude that this complicated situation has allowed businesses and customers to try and experiment with new purchasing and sale models, such as online shopping. That is why it is crucial for companies to be able to supply their consumers and to create good experiences for them.

Another similar research has been done by the Quispe (2020) who notes that the pandemic is rewriting the perspectives of people's buying and selling habits. The author affirms that the normality known prior to the pandemic has been seriously disrupted and that companies are compelled to venture into new ways of marketing goods and to participate in e-commerce.

Gao et al., (2020) analyze in their paper how Covid-19 impacted consumers' online food purchases in China. The results showed that it is more common to buy online in a city with more COVID-19 cases and young individuals in major cities are more willing to get food on internet since they perceive a low risk in terms of online shopping. Some implications of the study would be that the government needs to ensure the safety of the food sold, protect the delivery man from infection, and provide financial support to the poor population. In addition, special attention has to be taken for elderly people since they are not familiar with technology or cellphones.   
 ECLAC (2020) stated that the virus containment measures, like quarantine and social distancing, involve digital solutions to reduce the impact of containment measures. These can be online education, health electronics, telecommuting, e-commerce, and e-Government. Yet, there are some structural limitations that avoid these solutions to be carried out completely. For example, access and connectivity are fragmented by income levels, a gap of digital skills, insufficient network speed, and little digitization of the productive processes which results in a deepening of inequalities and vulnerabilities.

In regards to the pandemic effect in Peru, it has had a devastating impact over the last year. The confinement caused a 30% drop in the GDP from April to June (2020), due to the 44.5% drop in the industrial activity, among other sectors (Gestión, 2020). According to high-frequency surveys done by the World Bank, Peruvian families have suffered one of the highest incomes and job losses in all of Latin America. Job losses and risk aversion will influence consumption long-term, and uncertainty will continue to restrain the recovery of private investments. The COVID-19 database on Peru’s Open Data website (Datos Abiertos, 2020) lists the number of people infected and; hence, conveys how severe the COVID-19 pandemic currently is.

Peru has undergone a series of strict quarantine measures, but the infection rate is still high. The figure below demonstrates the progression of the number of monthly deaths and cases in Peru.

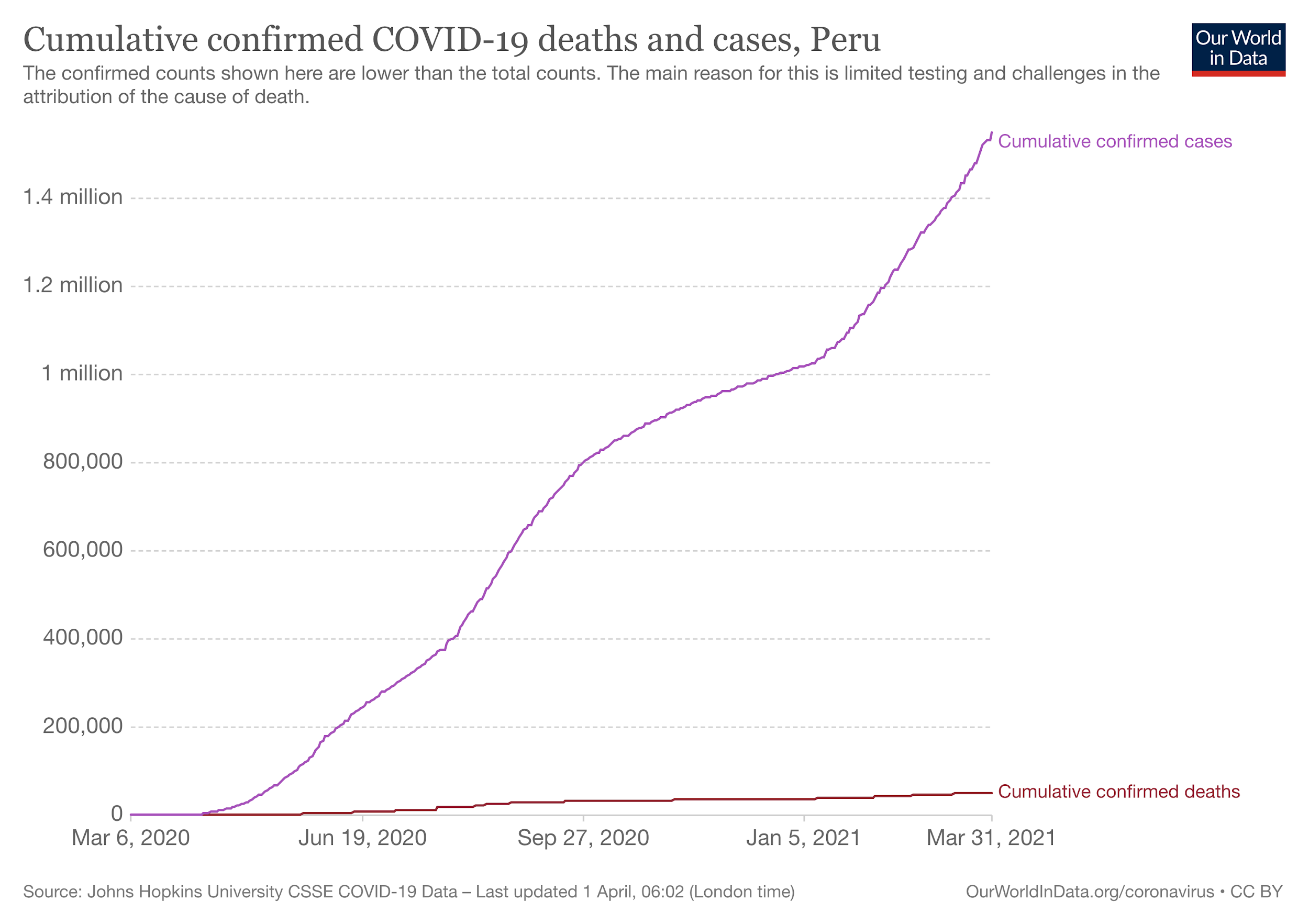


Figure 2.3: Cumulative confirmed COVID-19 deaths and cases in Peru

*Note.* Johns Hopkins University CSSE COVID-19 Data

The first case of coronavirus in Peru was diagnosed on March 6th, 2020 in a 25-year-old man. On March 16th, 2020, the President of Peru announced the first quarantine to last two weeks, which was later extended many times. The first confirmed death was registered on March 20th. The President of that time, Martin Vizcarra, stated that they had arranged all the necessary measures to face this type of situation. The Ministry of Health in Peru (Minsa) planned a strategy that involves the entire country and articulates the health sector, the Armed Forces, and private institutions and clinics. Nevertheless, by May 23rd, 2020, more than 110,000 cases and more than 3,200 deaths had been confirmed.

Peru’s fatality rate due to COVID-19 ranks among the worst in the world, 3.4% approximately, up to date March 31st (Johns Hopkins University, 2021). Another reason for the gravity of the pandemic is that the majority of Peruvians shop daily. Buying food every week is breaking a deep-rooted routine. It is unlikely for the two fifths of the population who may not possess a fridge. Therefore, markets become a large-scale epidemic place quite rapidly. During the first wave of cases in May 2020, up to 86% of the population in the markets of Lima were confirmed to have COVID-19. (The Guardian, 2020).

Some argue that the reason why the strict measures did not work as expected is due to the informal jobs in Peru. During 2020, the informal employment rate in Peru reached its highest level in more than 8 years (El Comercio, 2020). According to the INEI, the informal employment rate at the national level increased from 73% in the first quarter of 2020 to 75.2% in the third quarter of the same year. In Peru, informal employment is mostly made up of independent workers (called self-employed). In Metropolitan Lima, which is home to a third of Peru's population, 24% of informal employment is in the commerce sector, only after the services sector. Of the four sectors of workers covered by this study, in order of magnitude, *Paraditas[[3]](#footnote-3)* represent the largest group and are estimated at 400 thousand. Domestic workers in Lima are estimated at 185 thousand, while domestic workers *Canillitas[[4]](#footnote-4)* are around 3,000 according to the National Household Survey (ENAHO). A study called “COVID-19 Crisis and the Informal Economy” carried out in 12 cities worldwide by WIEGO (Women in Informal Employment: Globalizing and Organizing), including Lima, revealed that the crisis generated by the pandemic hit the most vulnerable sectors such as street vendors, *canillitas*, recyclers and domestic workers. According to the figures obtained, two out of every three households suffered from hunger because they were left without income during the months of quarantine. The research compares the economic and labor situation of the most vulnerable sectors with the period before the pandemic. The results of the study reflect the precariousness in which there are still thousands of families that depend on daily work to survive. Of the 12 cities analyzed, Lima is the one with the hardest situations.

Another reason that contributes to the severity of the situation in Peru is inequality. The negative effects of the pandemic are concentrated disproportionately in the most vulnerable groups, such as people with low qualifications, women and young people, the migrant and refugee population, and, in particular, self-employed people. They not only have fewer protection mechanisms against the loss of income but at the same time, it is more difficult to reach them through transfer programs or stimuli (OIT, 2020). Since those in the informal economies need to work, the containment strategies such as lockdowns are a source of social conflict and transgressive behaviors that governments apply to protect the community and combat the pandemic. Furthermore, logistical problems within supply chains, in particular cross-border and domestic movement constraints, will lead to disturbances in the food supply, undermining the safety of food of informal workers. Markets that sell food informally perform a significant part in maintaining food security in many countries, both as a food supply and a venue for smallholder farmers to sell their goods, and their closure would contribute to increased food shortages and poverty.

There are other issues that may have an impact on the severity of the pandemic and that are closely related to the e-commerce context in Peru. E-commerce is underdeveloped among micro and small businesses. Likewise, Cáceda (2014) mentioned that 23% of the businesses in the Peruvian market are SMEs, but that only 6% of them have their virtual stores nationwide. There is a large segment of small and medium-sized enterprises (SMEs) that does not take full advantage of technological development to reach its customers and other potential markets. According to Gestión (2020), 60% of formal SMEs in Peru would migrate to digital sales channels. SMEs have seen it as an opportunity for growth venturing into online sales or adhering exclusively to a Marketplace. Giacomo Navach, CEO of Qayarix (a Logistics operator), added that although this reality opens up endless opportunities for all people and companies, it also brings many challenges and difficulties to overcome. The greatest challenge to overcome is the immediacy of the delivery of a purchased product online. He pointed out that by 2021 digital sales are projected to grow by more than 150% throughout Peru, so aspiring to fast and efficient delivery becomes a challenge. SMEs and marketplaces, in general, must seek to manage immediate deliveries.

Another problem that prevents e-commerce from developing to its full potential in Peru is the banking and trust issues. A survey conducted by INEI in June 2020 showed that only 45% of Peruvians have access to an account in the financial system, and that can be due to the fact that 12% of the adult population in Peru still do not trust the financial system (ENAHO, 2019). The Association of Banks of Peru explains that these people keep their money under the mattress or they entrust it to relatives or acquaintances. The ENAHO report indicates that this part of the population does not have bank accounts because they do not have sufficient income (58.3%), they have a lack of interest or need (26.3%), or they feel distrust in the financial system (3.4%). The Association of Banks of Peru points out that the savings account is the product with the highest tenure (40.8%) among banked Peruvians. These are followed by the debit card (38.6%), consumer loans (23%), and the credit card (8.8%).

What is more, for Helmut Cáceda, President of CAPECE, the growth of e-commerce in Peru faces an outstanding challenge: online trust. For him, trust is a mindset that is concerned with the future, in the sense that the future is dependent on the actions of others. Trust is a bet on a future where a person will be able to behave reasonably while adhering to a certain code of conduct and good practices that minimize uncertainty. Something similar happens with a website as it does with people one meets for the first time. Thus, a company must provide the requisite assurances to the user so that the user can determine that its website is a safe place to conduct a financial transaction. That is why CAPECE is actively working together with the most relevant brands in the E-commerce ecosystem to help create a distinctive market that recognizes businesses that are genuinely interested in generating the greatest buying experience in the consumer. He also calls on the State to generate tax incentives, and reduce (or eliminate) the I.G.V. (Peruvian taxes) for companies that sell in the e-commerce channel, as they do in other countries, and that could attract millions of SMEs that still do not see the Internet as an attractive channel to grow, especially in provinces.

According to a special report by ECLAC, 2.6 millions of small formal companies in the region could close due to economic losses caused by the pandemic. The report lists some processes that need to improve in these companies’ online sales. First, even though e-commerce increased more than 400% during the first months of the emergency in Peru, many Peruvian companies have not lived up to expectations. Some did not have the stock to meet the demand and only implemented sales strategies, leaving aside strategies aimed at customer satisfaction. For this reason, post-pandemic e-commerce must focus on the consumer, providing them with personalized products that meet their needs through friendly and omnichannel platforms, particularly mobile. Second, a digital content strategy can help small- and medium-sized companies have a greater presence on virtual channels and build a powerful brand identity on the Internet. In the same way, digital advertising has become a great ally for companies to reach their audience on the Internet.

Regarding the Peruvian government response, it initially approved 3 billion PEN[[5]](#footnote-5) (0.5% of the GDP) and then 1.1 percent of the GDP in transactions to alleviate the COVID-19 pandemic’s impact on the Peruvian economy and support vulnerable households during the period of national lockdown. At the end of July 2020, the government announced an extra cash transaction to vulnerable homes of around 0.9% of the GDP (Grupo Banco Mundial, 2020).

Providing wages and food aid to people to compensate for the lack or decrease in economic activity was another measure the Peruvian government took. For the International Labour Organization (ILO), the impact of the COVID-19 pandemic calls for swift and aggressive steps to improve income security for workers in the informal sector, particularly women with young children – a population at the highest risk of economic hardship. Countries should use various strategies to extend income security to informal workers in the economy, increase the number of benefits, advance the payment of benefits and relax the terms of eligibility. This can be achieved across a variety of schemes, including unemployment insurance, compulsory pensions, child benefits, or social aid programs. The Ministry of Work and Promotion of Employment from Peru communicated that is the reason why Peru’s government has introduced an emergency cash benefit for independent workers. It consisted of a monetary subsidy of 380 PEN (around 103 USD) that was granted to vulnerable households with independent workers, within the framework of the health emergency.

“Reactiva Perú”, a program that aims to provide an effective response to the liquidity needs that companies face due to COVID-19, created a state guarantee of up to 8.4% of the GDP (S/. 60 billion PEN or around US$ 16 billion). To determine in a simple way the financing needs of each company, the loan amount was associated with the tax obligations, which are related to the needs of working capital. The loan amount was determined according to contributions to EsSalud[[6]](#footnote-6) or sales declared to SUNAT[[7]](#footnote-7) from the year 2019. Besides, a total of 96% of the companies that benefited from “Reactiva Perú” by the end of July 2020 were small and microenterprises. In the second stage of the program, the changes in the formula for determining the amount of the loan increased participation in tranche fund auctions destined for the smaller companies. The auction program has allowed the government to channel resources appropriately, in such a way that companies access financing under favorable conditions, in particular regarding interest rates that financial institutions charge their customers.

For instance, to address the fact that there are still many SMEs in Peru that do not know how to use online tools, according to the results of the study from Cheng, et al., (2021) the government's contribution to digital change in small businesses is vastly significant. The results should be taken into account when considering how small businesses could overcome obstacles with only their own tools and skills; government assistance can provide them with the tools and resources they must adjust to face the challenges of digital transformation. The first support program in Peru for SMEs was the “SMEs Business Support Fund”. For this, 800 million PEN were allocated that allowed the delivery of credit lines up to 4,000 million PEN, with individual credit coverage of up to 98%, granted by the National Fund for the State Business Activity Financing. The promotion of low-interest rates for the loans granted to these businesses is a historic milestone.

For The World Bank (2020) the Peruvian government economy faces a challenge in accelerating GDP growth, promoting mutual prosperity, and protecting its people from both generalized and individual negative shocks. In order to succeed, it would be important to increase state effectiveness in providing public services and implementing security systems, as well as to enhance integration and legislate policies to eliminate inflexibility and commodity markets.

On the other hand, due to lifestyle changes caused by the pandemic, sales across e-commerce channels have seen a large rise in many Latin American countries. Peru has one of the most elevated numbers of Internet users in Latin America, consequently, e-commerce is projected to be considerably more common in this country than in other countries in the region (Equipo Legal Perú, 2020). In Peru, COVID-19 caused five years’ worth of change in e-commerce in just three months, leading e-commerce to enter areas that previously had little participation in this field (CAPECE, 2020). Thus, the Peruvian e-commerce market gained a 45% share in consumption in June, when before the pandemic, this industry only represented 12.5%, according to data from Niubiz Intelligence. The number of Peruvian companies that entered this industry also quadrupled in May, which represented an increase of 120% more from the same period in 2019 (E-commerce News, 2021). Originally, it was estimated that e-commerce in Peru would grow by 40% in 2020. However, due to COVID-19, the retail e-commerce growth was 255%, and the number of e-commerce shipments grew 300% last year, according to the Official Report of the E-commerce Industry in Peru 2020, developed by the CAPECE E-commerce Observatory. Faced with this, CAPECE approached and worked with the Ministry of Production to not only reactivate electronic commerce but to make this industry the workhorse that would strengthen the economy and mitigate, through non-agglomeration, the possible contagions of the pandemic. Customers had to move to modern technologies for buying goods to address demands and protect their wellbeing. In the face of this, e-commerce has been an essential platform for small, medium, and large corporations.

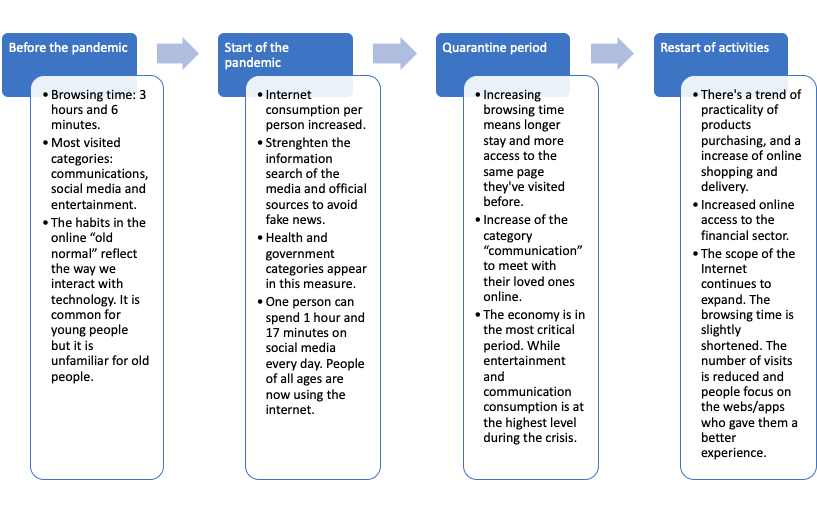


Figure 2.4: Internet reach and visits during the pandemic

*Note.* Adapted from Datum International, 2020.[[8]](#footnote-8)

Figure 2.4 depicts the journey of Internet surfing before quarantine, during quarantine, and after quarantine. Before the pandemic, 1.5% (65,800) of businesses sold through e-commerce channels in Peru. After COVID-19, the number of companies that entered electronic commerce quadrupled, and at the end of 2020, 5% (more than 260,000) sold online (E-commerce News, 2021).

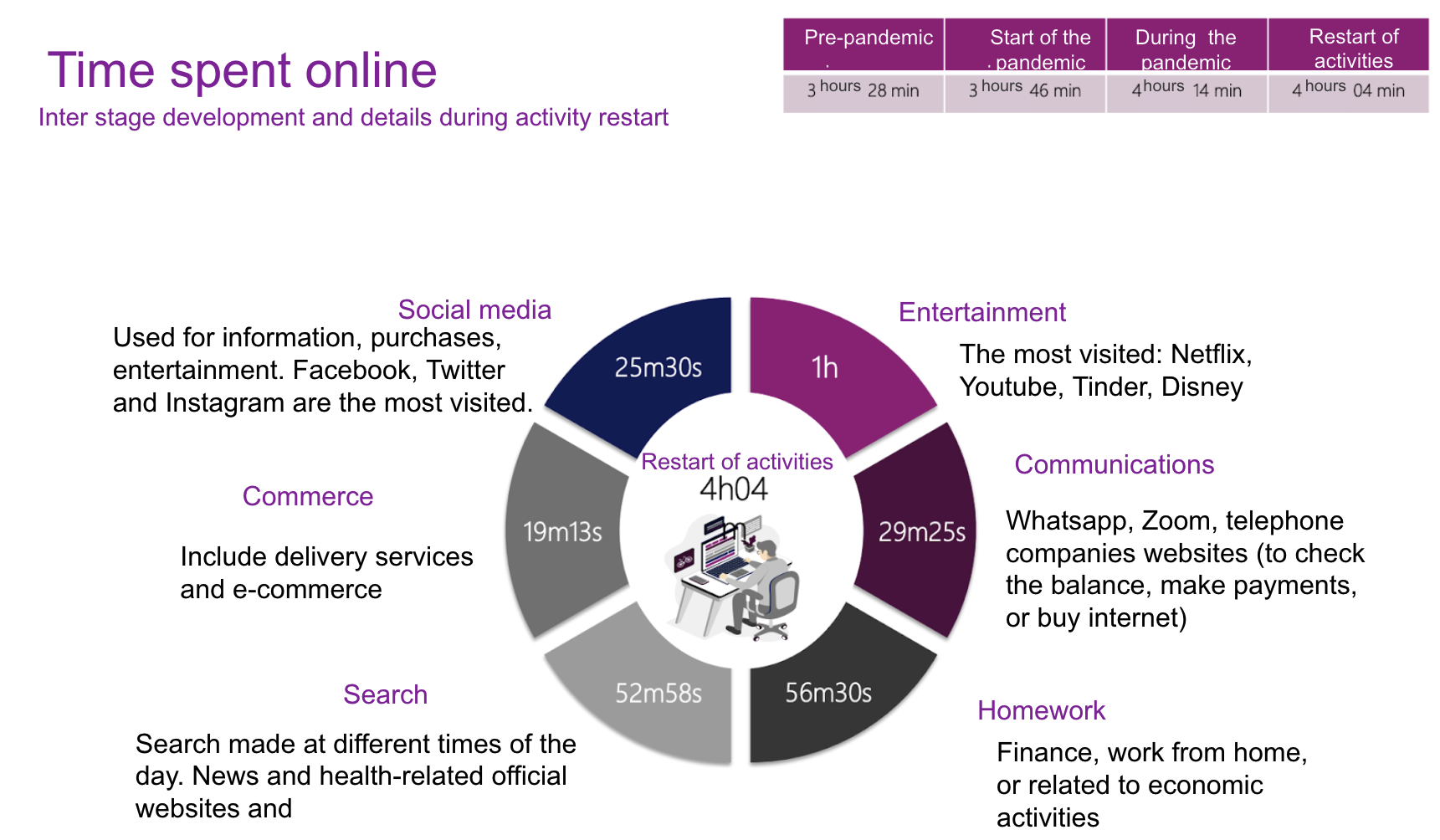


Figure 2.5: Time spent online in Peru pre-pandemic, during the pandemic, and restart of activities

*Note*. Adapted from Datum International, 2020.

The increase of the time spent online between evaluated periods was gradual, but it just started to decline at the restart of the activities period. The browsing time of a normal day consists of six main activities. The figure is showing how the 4:04 hours on the internet are spent. However, all of these operations are carried out at the same time on various devices. That is why, when analyzing by categories, we see that the average time is higher, like the case of social media which reaches 1:05 hour, and communications 1:15 hour.

The consumer’s online buying behavior during the period of quarantine in 2020 is illustrated in the picture below.

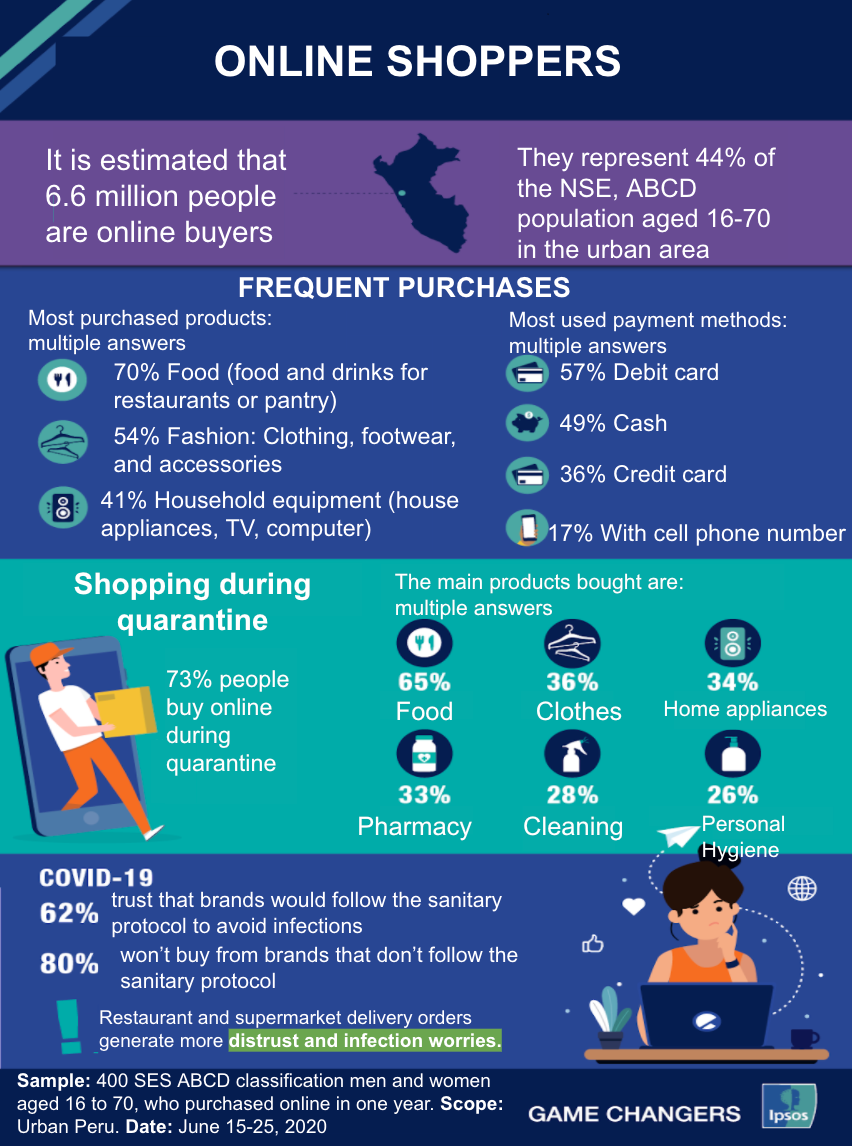


Figure 2.6: Online shopping characteristics of Peruvians in 2020

*Note.* Edited and translated from IPSOS.SES: Socioeconomic status

According to IPSOS[[9]](#footnote-9), 7 out of 10 online shoppers have made online purchases during quarantine. The main products they have bought are food (65%), fashion (36%), and household equipment (34%). Moreover, it is notorious that online sales have risen since the virus started to expand. A compelling thing to mention is that 80% of the surveyed people stated that they would not buy from brands that do not follow the health protocol. The most used payment method is by debit card (57%).

## *2.4 Pandemic Influences on Other Aspects*

The pandemic also affected other areas worldwide on a large scale. For example, big swings in capital markets, where firms' shares are bought and sold, may have a huge effect on the valuation of pensions and personal savings accounts. The significant stock markets from Asia and US have recuperated after the declaration of the vaccine last year November, yet the Financial Times Stock Exchange, is in a negative area up to now, considering that it fell 14.3 percent, the lowest level since 2008 (BBC, 2021).

As a result, many countries' central banks, have cut interest rates. In principle, this should make borrowing less expensive and stimulate investment to help the economy grow. In spite of it, analysts are concerned that more lockdowns and postponement in vaccine services could result in heightened market uncertainty in 2021 (Bloomberg, 2021).

The International Monetary Fund stated that the number of jobless individuals reached an all-time high of nearly 9% last year (2020), which shows that the 10-year employment growth has ended. In several nations, the amount of new career openings is still low. Job openings in Australia have gotten back to a similar degree of 2019, however, in France, Spain, the UK, and a few different countries are falling short. On top of that, the majority of the nations are now in a downturn. In the event that the economy is in a developing process, that typically suggests more abundance and new opportunities. According to the IMF, the worldwide economy contracted by 4.4% last year which is described as the most terrible decrease since the 1930s Great Depression.

What is more, the travel business has been seriously harmed since there are many border bans, canceled flights, and clients dropping international work, and vacations. Besides, new variations of the infection have constrained numerous nations to present even more travel limitations (Flightradar, 2021).

Millions of employments have been destroyed in the hospitality industry and several firms have gone bankrupt since there are not as many reservations as before even in the most famous destinations. Numerous experts predict that worldwide travel will not go back to the typical levels until 2025 approximately (BBC, 2021).

The World Health Organization has published a report in 2020 about the impact that COVID-19 had on aspects like health, livelihood, and food systems. The findings indicate that the monetary and social disturbance brought by the pandemic is overwhelming, because there is an extensive number of individuals who are in danger of falling into severe poverty, and the quantity of undernourished individuals, at present almost 690 million, could increment by more than 132 million. Furthermore, many enterprises encounter a factual risk. Almost 50% of the 3.3 billion worldwide labor force are in danger of becoming unemployed. People with informal jobs are especially susceptible since they do not have adequate health or social insurance, as well as having no admittance to economic assets. Many individuals cannot take care of their families or even themselves during quarantine because they lack the resources to make a living. The COVID-19 has influenced the whole food chain and has uncovered its vulnerability. Farmers have been unable to enter markets, as well as to get supplies and export their products due to closed borders, trade bans, and quarantine, agitating national and foreign food supply binds and limiting the admittance to safe, varied, and healthy food.

According to the WHO information, this sanitary emergency has also demolished a large number of job positions. Thousands of men and women’s food security and wellbeing are jeopardized as home providers are unemployed or become sick, and people from low-pay nations, especially the vulnerable communities, such as farmers of limited scope and aboriginal people, suffered the most. A large number of horticultural specialists who are independently employed and salaried– while taking care of the world, routinely experience significant degrees of poverty, hunger, bad health, and keep working regularly despite the absence of social protection and erratic wages.

In the same way, while encountering a loss of income, they can turn to negative adapting systems, for example, asset distress sales, payday loans, or kid labor. Migrant farmers are especially susceptible since they experience dangers in their transportation and their work and living environments, as well as a lack of access to government-sponsored assistance. Providing decent wages and insurance to all agri-food laborers, from essential farmers to those engaged in food manufacturing, transportation, retail, and street sellers, would be vital to protect lives and ensuring food security and public health. COVID-19 has an especially negative influence on nations that are currently coping with humanitarian disasters. It is important to answer quickly to the virus but still guaranteeing that relief and rehabilitation aid arrives at the people who need it the most.

All in all, prioritize focus should be on elemental food security and malnourishment problems, countering poverty in rural areas, especially by enhanced employment, expanding social safety to everyone, encouraging secure migration routes, and assist the formalization process of the informal sector.

Shrestha, N. et al., (2020) stated in their study that the way we work and make a living has changed as a result of globalization. Moreover, worldwide interrelation has been encouraged by the increase of urbanization and the nearer alliance of the international economy, and subsequently, globalization has arisen as a critical component of the COVID-19 transmission, as well as transportation. The paper intends to analyze the expected impact of the coronavirus disease on globalization and international health as far as portability, commerce, travel, and most affected nations. Globalization's impact was assessed in terms of migration, economy, and medical care systems. People’s mobility and its extent were determined utilizing seaport and airline exchange information and travel data. The workers, ceremonies cancellations, food and cultivations, academic schools, and supply chain were all used to calculate the economic effects. The medical care scope was evaluated taking into account the medical care system index and reediness of nations. They measured a pandemic risk index (PVI) by developing a quantitative estimate of the future global health using a methodology for order of choice by likeness to ideal solution (TOPSIS). In addition, the pandemic has put immense pressure on the global economy, and other aspects like medical services, travel, ceremonies cancellations, labor force, the school community, food chain, among others. In view of the PVI results, certain nations were more defenseless than others. In the Americas, the vulnerable ones were Brazil, the USA, Chile, Mexico, and Peru. The results of this research could aid in the development and execution of policies at the national level to alleviate this growing burden.

This pandemic, on the other hand, has had an effect on mental health. Długosz (2021) paper aimed to demonstrate to what extent the mental health of young Americans is being impacted by COVID-19 and what factors are influencing them. The completed analyses are an effort to understand the effect of elevated psychosocial tension on young people's mental health. According to the findings, a great amount of the studied population suffered from depression and anxiety.

Smith et al. (2009) research purpose was to evaluate the potentiality of economic effects due to the influenza pandemic on the United Kingdom, considering related behavioral reactions, the closing of schools, and vaccines. The expenses identified of the disease were somewhere in the range of 0.5% and 1.0% of the GDP for low casualty situations, 3.3% and 4.3% for larger casualty situations. The closures of schools make the economic effect greater, especially for moderate pandemics. The economic effect will be significantly impacted with little health benefits if a wide change in behavior occurs and a lot of people do not go to work in light of fear of being infected. On top of that, it was found that immunization through vaccines before a pandemic may rescue 0.13 percent to 2.3 percent of GDP.

An article by Mayo Clinic from the Division of Infectious Diseases expressed how COVID-19 influenced telemedicine. Because of the pandemic's wide size, healthcare facilities have had to adjust how they provide care efficiently. More improvements are expected as the pandemic is being handled by healthcare services and the government. One big change that has already arisen is the usage of telemedicine systems, which involves conducting health treatment remotely through non-physical interactions such as videoconferencing and phone calls.

During the epidemic, telemedicine has made it possible to continue patient treatment while also maintaining the safety of the health care staff and the patients. This was largely possible thanks to the removal of legislative and licensing restrictions that subsisted prior to the pandemic. It is expected that the relaxation of the telemedicine rules will go on, which would represent a positive change because telemedicine provides another layer to delivering reliable and cost-effective clinical services for patients and health protection systems.

A research carried out by Song, P., et al., (2021) explains that SARS hindered house earnings and had a negative impact on the price of assets which is evaluated through a new medium, and contributes to the literature on the related topic. To start with, they suggest an expenditure-based CAPM which describes a capital asset pricing model that incorporates profits. Then, analytical studies demonstrate that the model accurately catches systemic shifts in the financial system caused by the SARS pandemic and that the model outperforms the conventional CAPM.

Norouzi et al., (2020) affirm that biological problems like pandemics remain a continuing danger to humanity, considering all of the science and technological advances over the last century. The disease has multi-faceted effects on national and worldwide populations. In this study, a comparison of the neural and regressive model analyzed the effect of COVID-19 on China’s electricity and petrol demand. According to the environmental report, the severity of the outbreak has an indirect and direct effect on the demand for energy and petroleum. The findings demonstrate that pandemic substantially impact energy consumption, and due to the big energy protection issues, there is a chance of accelerated growth in renewable-resource.

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# Chapter 3: Methods and Results

## *3.1 Methodology*

The research methodological approach consisted of a descriptive statistical and inferential analysis in order to gain more understanding about the topic and the variables involved. Moreover, this study used the quantitative method to represent the data with numbers from surveys using an online tool to collect information more practically and without long-distance barriers. It surveyed people living in Lima, Peru and expects to know their behavior towards e-commerce upon the start of the quarantine and how they saw an increase in their online purchases. In humanities and the social sciences, the survey is perhaps the most popular observational analysis tool. It is a technique for gathering information about the sample through a sequence of focused questions (Sun, 2016).

Creswell (2003) describes that the quantitative method involves the collection of data, typically numeric with mathematical models, where you are able to assort the information and exposed it as statistics so as to achieve support or invalidate certain affirmations. In addition, the researcher employs enquiry strategies to maintain consistency with the methodology for gathering statistical evidence, and it keeps the assumption of an empirical paradigm. Quantitative analysts are searching for theories and forecasts that can be applied to different individuals and locations. Leedy & Ormrod (2001) states that the goal is to build up, affirm, or approve connections and to create speculations that add to the hypothesis.

A survey offers a quantitative or numerical summary of the patterns, behaviors or views of a population by examining a fragment of that population. The researcher generalizes or makes assumptions about the population from the findings of the survey. In this respect, the survey will be directed to adults with purchasing power living in the capital of Lima and will be cross-sectional. That is to say, the data is collected at one point in time.

### 3.1.1 Survey Design

By performing survey analysis, several questions were asked in order to gather data from a determined consumer pool and analyze the data collected to obtain numerical results. What is more, the survey had to be conducted in the Spanish language since it is the target public mother tongue. The questions and options of the answers were all translated into English for the SPSS analysis. It consisted of 30 questions. The first one asked for informed consent, and the other 29 were related to the topic of the study.

The survey consisted of five main parts, which were distributed among adults living in Lima with purchasing power and who had experience buying on online platforms during the quarantine and lockdowns due to COVID-19. The first part included demographic questions. The second part was about which type of platforms they are used to buy more often, and what are their preferences and patterns of online shopping. The third part consisted of a couple of questions to know the banking rate and which payment method are the most used. Then what is the overall panorama they have about buying online in Lima. The fourth part involved purchasing habits of consumers under the factors of customer trust based on the quality of products, logistics distribution, and customer service. The last part mentioned what factors could lead to a possible future repurchase. The questions were mostly closed-questions, and some questions had the “other” option where they could write their personal choices.

### 3.1.2 Data cleaning

This survey was distributed through an online method using Google forms. I assessed previous questionnaires related to the topic and modified and created my own questionnaire accordingly. A total of 140 electronic questionnaires were finally collected. After cleaning the data of some surveys without proper answers or incomplete answers, 130 valid surveys were recovered, and the recovery rate was higher than 90%. The survey was conducted from February 15th to 30th.

### 3.1.3 Statistical Analysis

To analyze the data of the surveys, two measurement levels were used: ordinal scale, which shows the order of quantitative value as ranking, and categorical when its values represent categories with no underlying ranking. The latter was used to analyze questions like what is the average amount spent on online shopping, among others.

For the presentation of the survey results, a chart or graph was depicted for an easy understanding of the results. Equally important, data tables were also used to show the number and percentage of the population who behave a certain way or agree with a specific aspect. The online tool for the survey was Google forms. For the analysis of the data and results, Microsoft Excel and IBM® SPSS® were used, being the latter a software platform that provides statistical analysis.

Similarly, the following types of tests were run for the analysis of the study and the validation of the hypothesis:

- Chi-square tests: to assess the association or correlation between variables.

- Kruskal-Wallis test: is a nonparametric rank-based measure that can be used to assess if there are statistically meaningful variations in two or more groups of an independent variable on a constant or ordinal dependent variable.

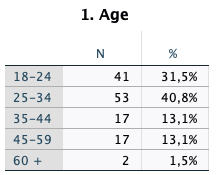
- Crosstabulation: is used to produce contingency tables that explain the relationship of two categorical variables.

- The spearman Correlation: a nonparametric measure of the strength and orientation of interaction between two variables measured on an ordinal scale.

## *3.2 Results*

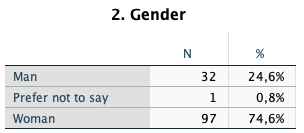
### 3.2.1 Profile of the population

Table 3.1: Age of the surveyed population



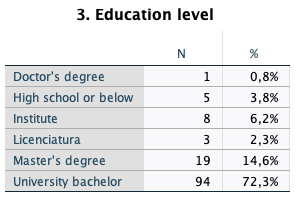
* The age group in this study was mainly formed by young adults between 25 and 34 years old representing 40.8% of the data.

Table 3.2: Gender of the surveyed population



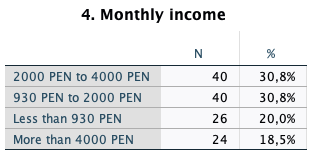
* The great majority was composed of women with 74.6% of the representation. Therefore, no significant relationship was detected in the gender pattern.

Table 3.3: Education level of the surveyed population



* Regarding education level, the majority have a bachelor’s degree with a 72.3%. An important aspect to mention is that in Peru there is another title called “Licenciatura”. The “Licenciatura” requires having a bachelor's degree and a thesis. According to the new Peruvian university law, the undergraduate thesis supervisor must have, at least, the degree of Master or a Doctor. The thesis must be defended before a specialized jury composed of at least three experts on the field. Those who obtain the professional title can, consequently, get the “Licenciatura” and be called “Licenciado”.

Table 3.4: Monthly income of the surveyed population



* The minimum wage in Peru is 900 PEN. That is equivalent to approximately 254 USD per month. As it is shown, the groups of people earning between 930 PEN to 2000 PEN and 2000 PEN to 4000 PEN represent 30.8% of the data each.

### 3.2.2 E-commerce Consumer Behavior

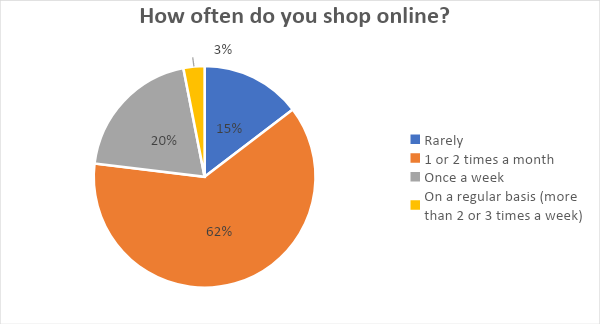


Figure 3.1: Frequency of online shopping

* According to this chart, a large number of individuals (62%) bought once or twice a month. 20% of the surveyed bought online once a week, 15% rarely bought online, and a small minority (3%) did it on a regular basis.

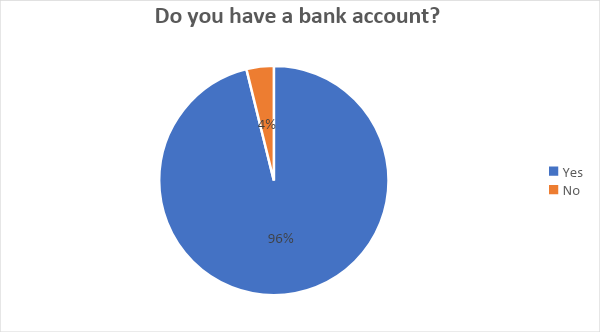


Figure 3.2: Banking rate

* It is observed that the vast majority of the surveyed people (96%) have a bank account or a financial system. Only a very small number 4% reported that they do not possess one.

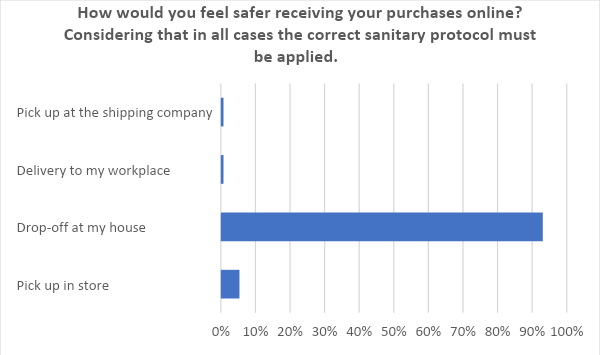


Figure 3.3: Safety level in online purchases

A large number of people, more than 90% of the people, answered that they would feel safer if their online purchases are delivered to their home. An important aspect to consider is that the sanitary protocol must be applied, that is why it was stated in the question and not as an option.

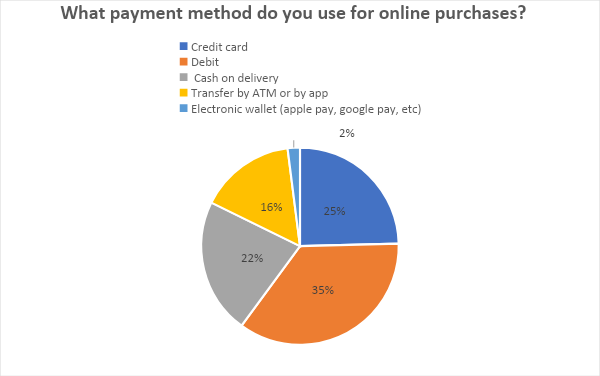


Figure 3.4: Preferences on payment methods when buying online

As it is observed, debit cards are the most popular with 35% of people using them. A quarter of people use credit cards, followed by cash on delivery with 22% and then 16% prefer paying by ATM transfers or by an app. A very small number use electronic wallets such as apple pay or google pay.

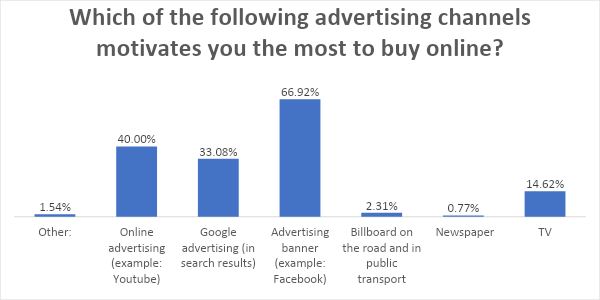


Figure 3.5: Advertising channels that motivate people to buy online

According to the advertising channels that motivate people to buy online the most, there is a higher proportion in the advertising banners that appears in social media like Facebook or Instagram with a 67% of the representation. The other significant amount is 40% with online advertising like YouTube, then comes to google advertising which can appear on the search results with a 40% of motivation.

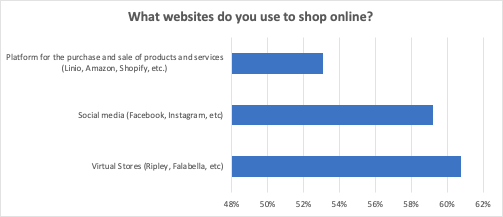


Figure 3.6: Most visited websites to buy online

Among the most frequented and widely accepted websites, we find that virtual stores like Ripley and Saga Falabella, which are local shopping centers, are more used during this pandemic with more than 60% of the studied group.

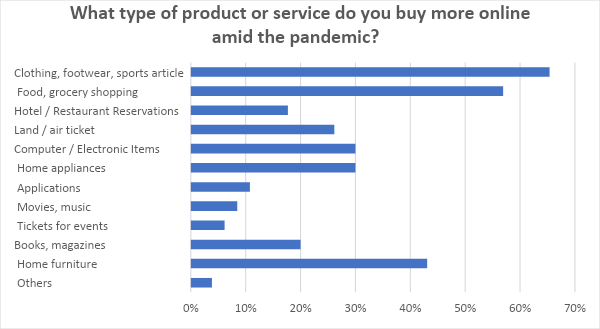


Figure 3.7: Products that people buy more online during the pandemic

Within the products which they buy the most, 65% indicated having preferences for Clothing, footwear, and sports items. Followed by Food, grocery shopping with 57%, and then home furniture (43%).

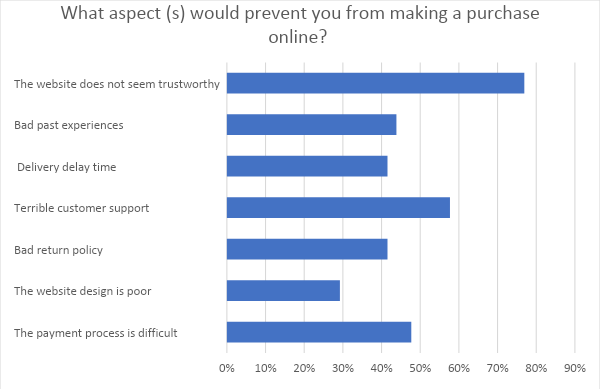


Figure 3.8: Aspects that prevent people from online shopping

A very large majority (77%) of those interviewed stated that the main barrier to electronic commerce is that the website does not seem trustworthy, 58% considered that another obstacle to the implementation of trade electronic is terrible customer support. While 48% considered that the means of payments was difficult 44% stated that they had bad past experiences buying online. Just over two-fifths said that it is due to the bad return policy and delivery delay each, and finally, 29% think that is because of the poor website design.

Figure 3.9: The main reason to buy online

The results indicate that a considerable amount of people bought online because of better discounts (more than 90% of the surveyed people). Then, it is followed by the time-saving option, with almost half of the analyzed population (47%).

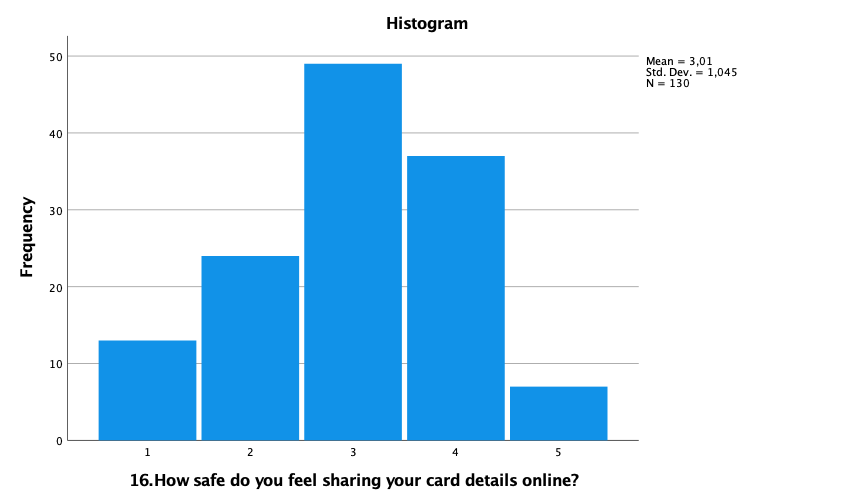


Figure 3.10: Safety level of sharing credit card details online

This question was related to how safe they feel sharing their card details online when purchasing a product. According to the bar chart, the mean is 3.01 out of 5.

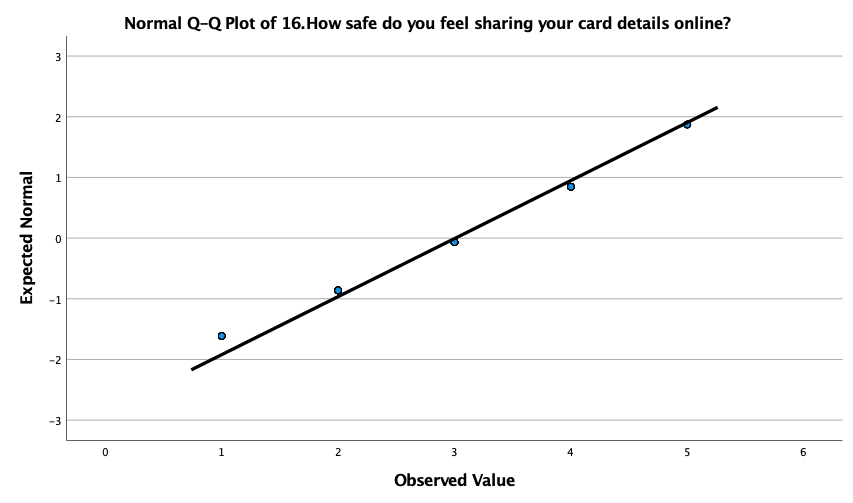


Figure 3.11: Normal Q-Q plot on the safety level of sharing credit card details online

From the histogram, we can evaluate how the normal Q-Q plot is arranged. This graph is used to determine the normality of the data and shows how the data is distributed. The observed values represent how many options people could have chosen from the answer. In this case, it was a scale from 1 to 5. The expected normal is at 0. Numbers 1 and 2 are a little higher, and 3 and 4 a little lower. Therefore, if the data was normal, it would perfectly fit in the line. For every increase in one of the data, we get a similar increase in the other. Moreover, there is a slight deviation and the lowest point (1), which means there are slightly more than expected individuals but it does not represent a serious concern.



Figure 3.12: Median of the safety level of sharing credit card details online

This graph shows an even spread of the data, which means that the median is located at the medium point.

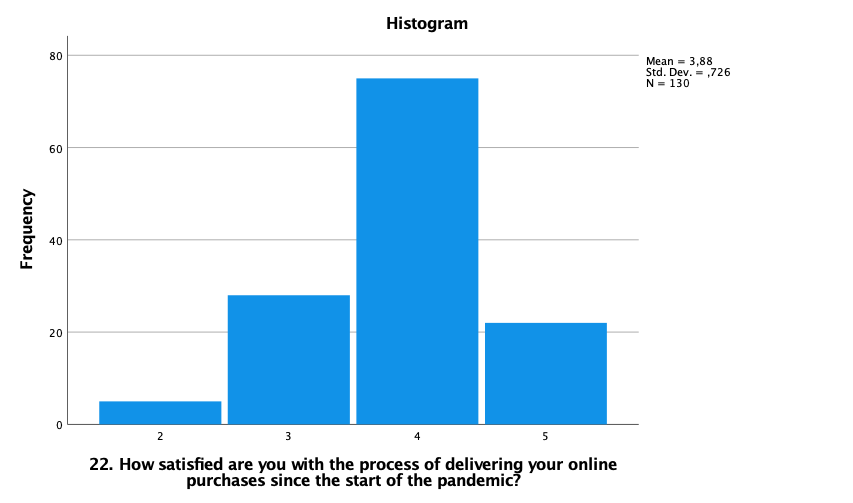


Figure 3.13: Satisfaction level with the online purchases’ delivery since the start of the pandemic

We can see that they are mainly positive about how satisfied they felt with the process of delivering. The mean obtained is 3.88 out of a 5-point grading scale and the standard deviation is .726. Is not following a straight pattern since it has very low extremes where no one answered 1 and very few answered 2. Being option 4 the highest.

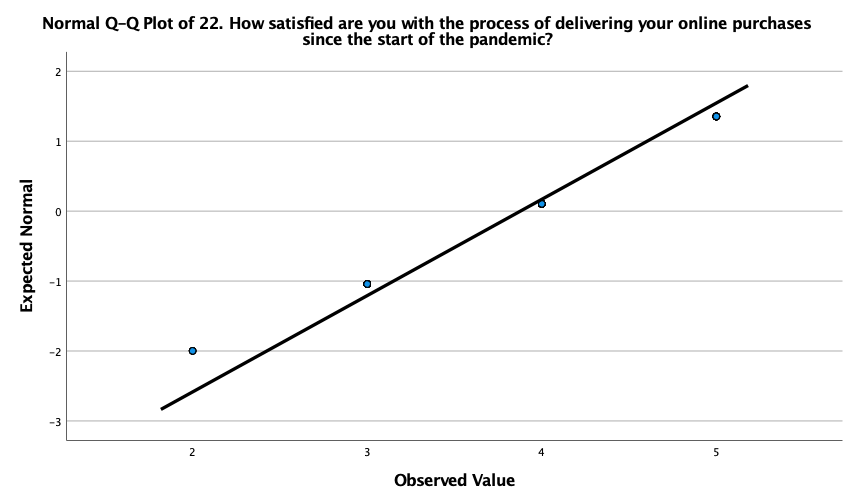


Figure 3.14: Normal Q-Q plot of satisfaction level with the online purchases’ delivery since the start of the pandemic

This answer also shows a scale from 1 to 5. The expected normal is at 0. Numbers 1 and 2 are a little higher, and 3 and 4 a little lower.

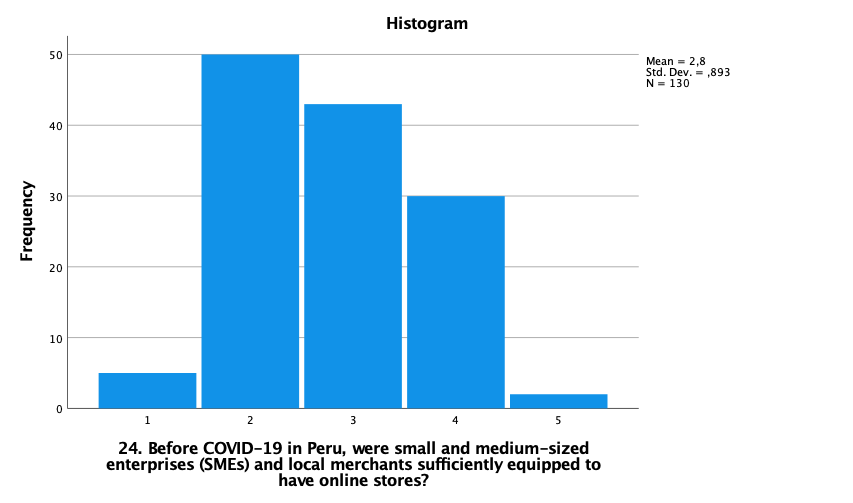


Figure 3.15: Perception on SMEs having online stores before COVID-19

This question had the following options as answers and the following ranking:

* Almost all SMEs and/or merchants already sold online: 5 points
* Many were already selling online: 4
* There were some who sold online: 3
* There were very few who sold online: 2
* There were no SMEs or local merchants selling online: 1

The mean obtained is 2.8 out of 5. The graph shows that the data is not evenly distributed since 1 and 5 are at a very low level. The majority picked 2 and then there is a decline from number 3 to 4.

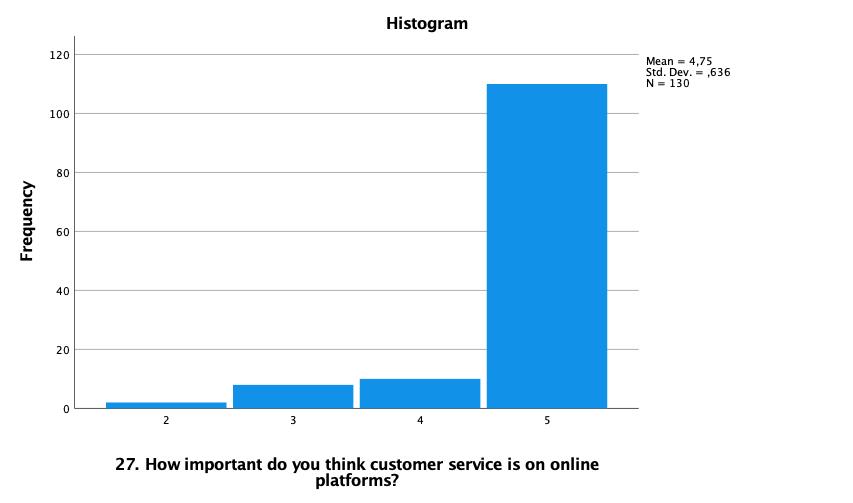


Figure 3.16: The importance of customer service in online platforms

The histogram is not normal since most of the data is shown in number 5. The level of importance was ranked from 1 to 5 being the latter the highest.

Most people agree that it is very important that customer service is good in an online platform. The mean obtained is 4.75 of 5 and the standard deviation is .636.

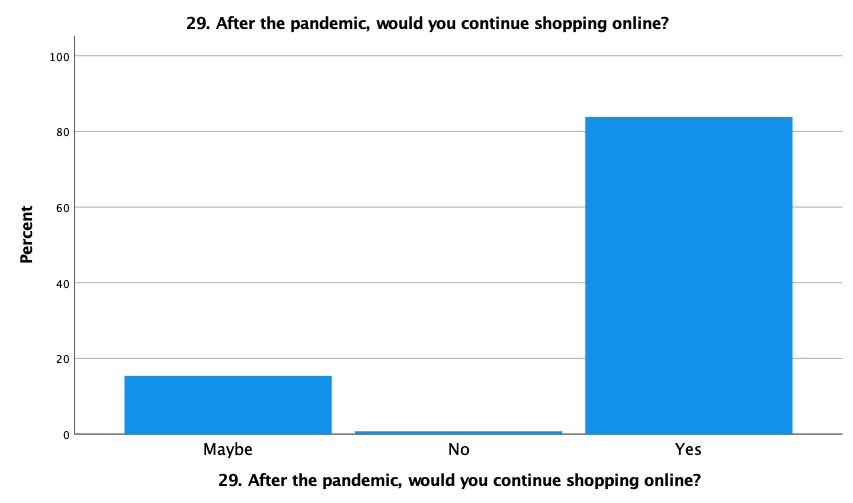


Figure 3.17: Repurchase intention post-COVID-19

The graph shows a strong representation of people who are willing to continue shopping online with more than 80% of the people answering Yes.

### 3.2.3 Relationship of Variables: Hypotheses Testing

Table 3.5: Crosstab of the relationship between repurchase intention post-COVID-19 with age

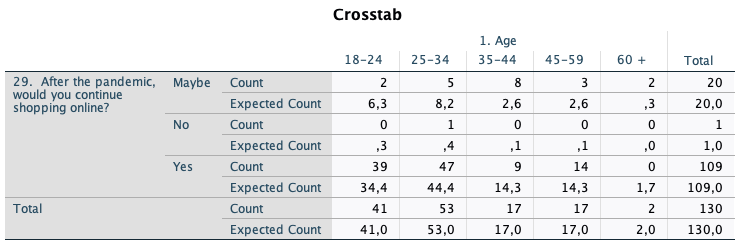


Table 3.6: Chi-square tests of repurchase intention post-COVID-19 and age

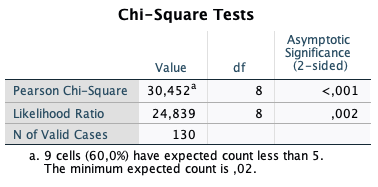
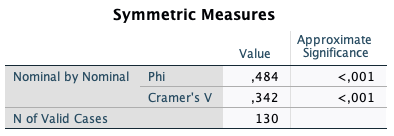


Table 3.7: Symmetric measures of repurchase intention post-COVID-19 and age



These tables give us an idea of how people are responding according to their age.

In this case, the Pearson Chi-square value is significant (30,452) which means that there is a strong relationship between the 2 variables: whether they would continue shopping after the pandemic and their age.

It is observed that young people are saying “yes” more than expected because the expected value was 34.4 and it shows 39. The same happens to the age group 25-34 that the answer “maybe” is lower than expected it shows 8.2 and the count is 5. The answer “yes” in this group is higher than expected 44.4 and the count is 47.

In the case of older people (60 years above), the answer “yes” is lower than expected being 1.7 the expected count and the count 0. The answer “maybe” is lower than expected 3 to 2. With the ages 45-59, the answers are all average.

All in all, a significant relationship was found between how age affects whether people will continue shopping online after the pandemic or not. The younger individuals are showing a more positive outlook based on looking at these values.

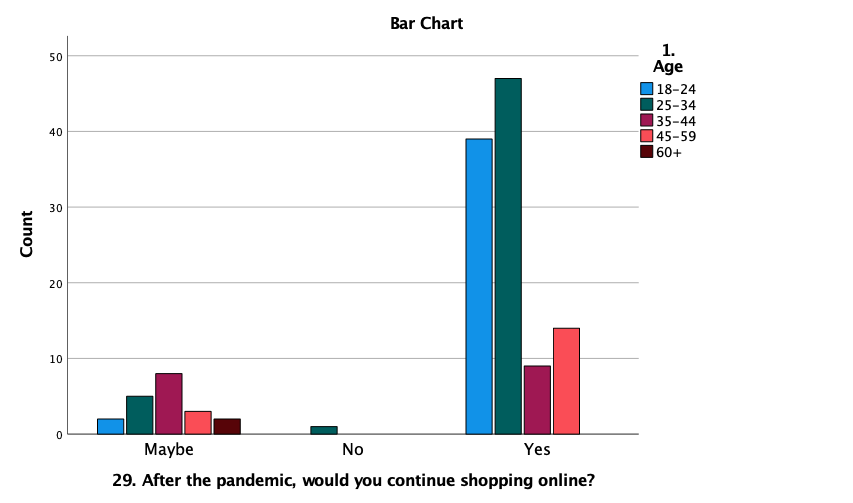


Figure 3.18: Bar chart of repurchase intention post-COVID-19 and age

People are answering differently according to their ages. Younger people are more significantly likely to answer “yes” (group ages 18-24 and 25-34). Older people's answers include more “maybe”. Just 1 person answered “no” to this question. When assessing whether there is an association between age and their intention to continue with e-commerce, a significant association was detected:

*x*2(8) = 30,452

*p* < 0.05 or *p* = < .01

Table 3.8: Crosstab of the relationship between repurchase intention post-COVID-19 with gender

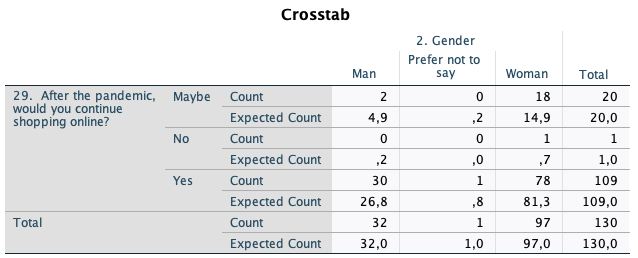
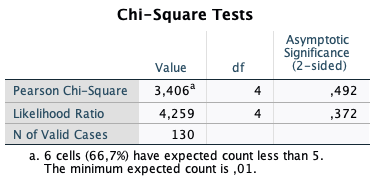


Table 3.9: Chi-square tests of repurchase intention post-COVID-19 and gender



In this case, the Pearson Chi-square value is statistically non-significant (3,406) which means that there is no relationship between the two variables: whether they would continue shopping after the pandemic and the gender.

We can see that men are saying “yes” less than expected because the expected value was 26.8 and the count is 30. The same happens to the “maybe” option where the expected count is 4.9 and it shows 2. In the case of women, the option “maybe” varies a lot where the expected count is 14.9 and the actual count is 18.

Table 3.10: Crosstabs of willingness to repurchase post-COVID-19 with education level

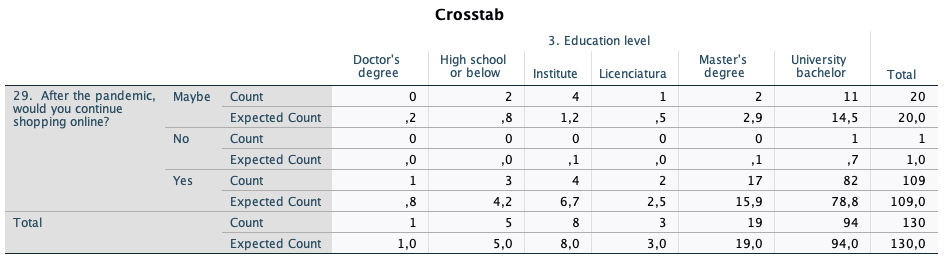
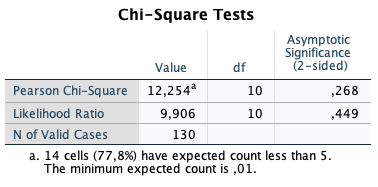


Table 3.11: Chi-square tests of repurchase intention post-COVID-19 and education level



This is also statistically non-significant. As the table shows, there is no significant difference between the education level and their willingness to repurchase online since the *p*-value is greater than .05:

*x*2(10) = 12,254

*p* = .268

Table 3.12: Crosstabs of willingness to repurchase post-COVID-19 with monthly income

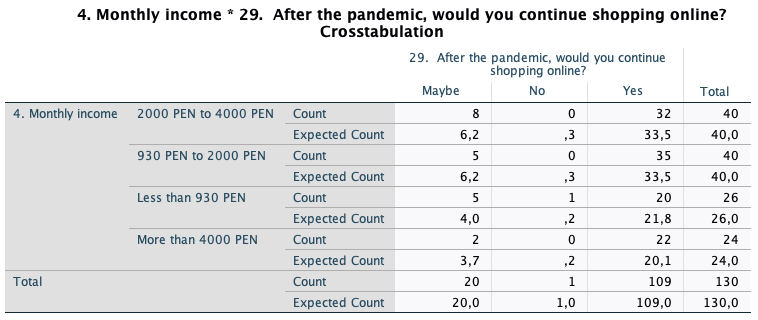
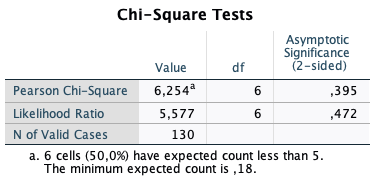


Table 3.13: Chi-square tests of repurchase intention post-COVID-19 and monthly income



Monthly income does not play a distinctive role here. The *p*-value greater than .05. *x*2(6) = 6,254

*p* = .395

Table 3.14: Crosstab of the relationship between belief in e-commerce as an economic growth promoter and willingness to repurchase post-COVID-19

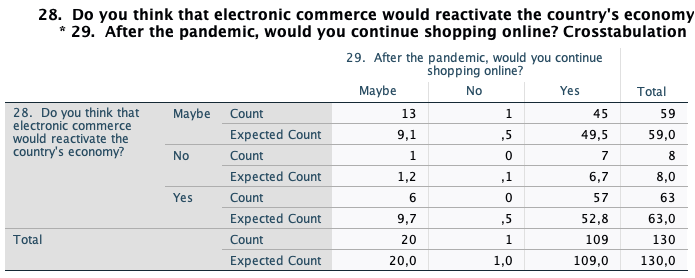
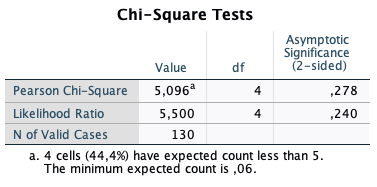


Table 3.15: Chi-square tests of E-commerce as an economic growth promoter and willingness to repurchase post-COVID-19

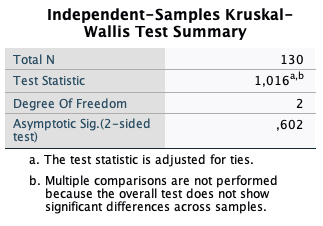


As appreciated in the tables, there is no significant connection between E-commerce as an economic growth promoter and Willingness to use it post-COVID-19.

*x*2(4) = 5,096

*p* = .278

Table 3.16: Kruskal-Wallis analysis on satisfaction with delivery affects their repurchase intention post-COVID-19



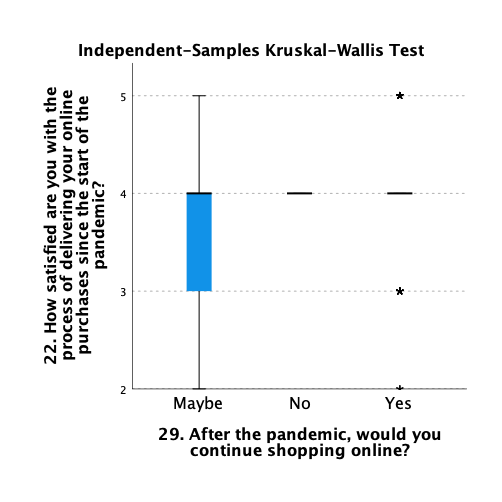


Figure 3.19: Kruskal-Wallis test on the repurchase intention post-COVID-19 and level of satisfaction with the delivery of online purchases

Non-significant difference in how individuals answer Question 22 based on Question 29 because the *p*-value is higher than .05 (*p* = .602). There is no relationship between those variables. Since the median values are all equal across groups for “maybe”, “no” and “yes”.

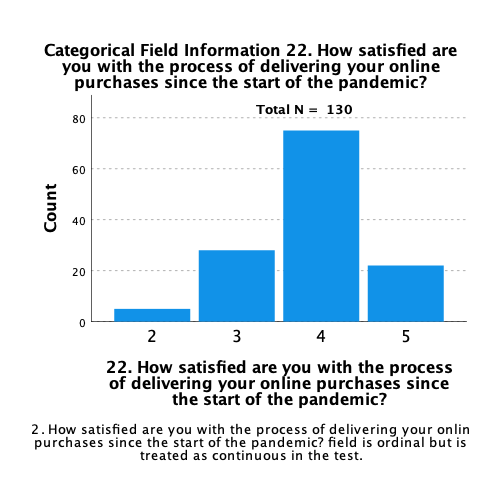
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Figure 3.20: Satisfaction level with the delivery of online purchases

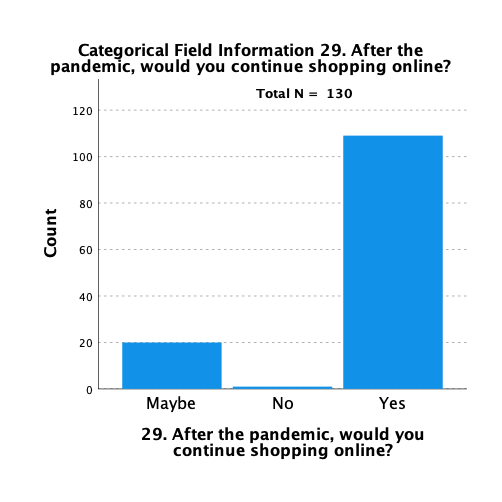
****

Figure 3.21: Categorical Field Information of repurchase intention post-COVID-19

There’s no significant relationship in whether satisfaction with deliveries would affect their willingness to continue using e-commerce post-COVID-19. Therefore, based on how satisfied they were with deliveries did not affect how they answered. That can be because of the great amount of “maybes” answers in the data set.

Table 3.17: Kruskal Wallis Test Summary on safety level by sharing credit cards online and repurchase intention post-COVID-19

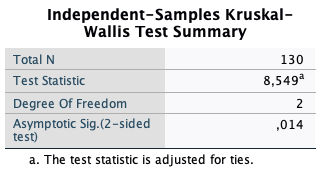
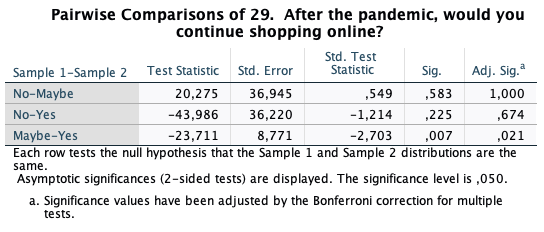


Table 3.18: Pairwise comparisons of repurchase intention post-COVID-19



There is a significant difference between how safe they feel sharing their credit card details online and whether they would continue shopping online or not. According to the T-value, Test statistic, and degree of freedom:

*x*2(2) = 8,549

*p* = .14

It is observed that those who are happy with the safety of sharing card details seem to be answering to a higher degree. Regarding the options, “Maybe” doesn’t differ from “No”, and “No” doesn’t differ from Yes, but “Maybe” significantly differs from “Yes”. Individuals who felt safer will more likely continue shopping online in comparison with the people who answered “Maybe”.

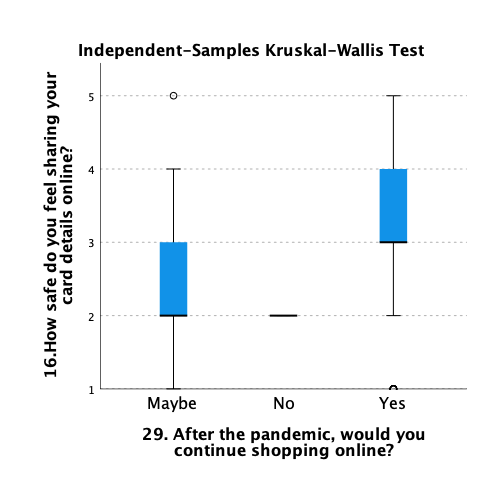


Figure 3.22: Independent-Samples Kruskal Wallis test on safety level by sharing credit cards online and repurchase intention post-COVID-19

How safe individuals felt sharing card details on the internet was significantly different between those that answered “Yes” (Median=3) compared to “Maybe” (Median=2).

With the Kruskal analysis, it was found that there is a difference between how safe they felt sharing their card details online with individuals saying “yes” to the fact that they would continue online shopping, having higher safety compared to individuals who answered “no” having a lower sense of safety. We tested to see if the groups differ, and what groups are driving this difference: which is “maybe” and “yes” in this case.

Table 3.19: Crosstabulation on the perception of SMEs in Peru with online stores before Covid-19 and whether or not the government should promote online shopping due to the pandemic

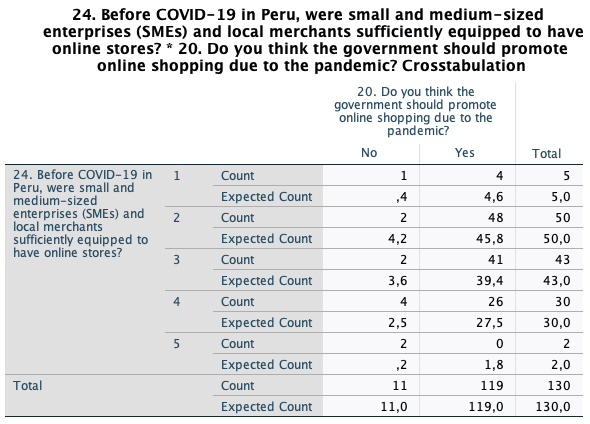


Table 3.20: Chi-square tests on the perception of SMEs in Peru with online stores before Covid-19 and whether or not the government should promote online shopping due to the pandemic

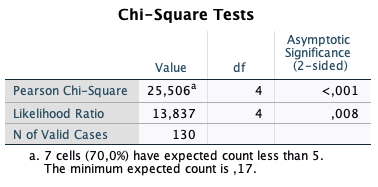
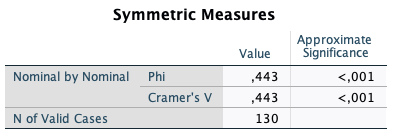


Table 3.21: Symmetric measures on the perception of SMEs in Peru with online stores before Covid-19 and whether or not the government should promote online shopping due to the pandemic



In this situation, more than expected people answered “yes, the government should promote online shopping” to level 2 (There were very few who sold online) and level 3 (There were some who sold online). The same happens in level 4 (Many were already selling online) where more than expected answered “no”. For this reason, the difference is significant:

*x*2(4) = 25,506

*p* = < .01

Table 3.22: Crosstabulation of e-commerce as reactivation of the economy and whether or not the government should promote e-commerce during the pandemic

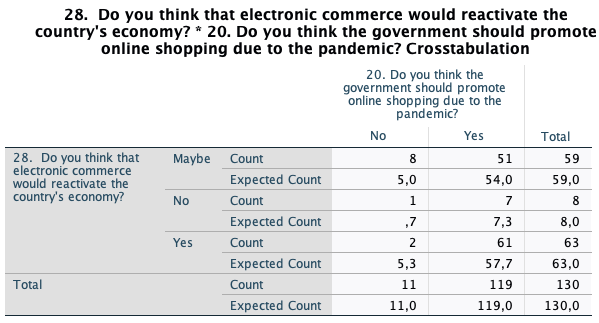


Table 3.23: Chi-square tests of e-commerce as reactivation of the economy and whether or not the government should promote e-commerce during the pandemic

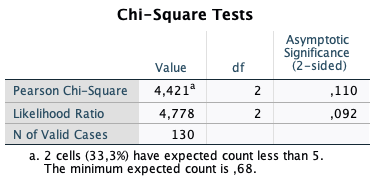
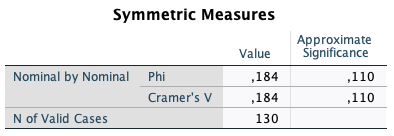


Table 3.24: Symmetric Measures of e-commerce as reactivation of the economy and whether or not the government should promote e-commerce during the pandemic



It can be seen that this relationship is not significant according to the *p*-value:

*x*2(2) = 4,421

*p* = .110

Table 3.25: Crosstabulation of the relationship between e-commerce as a reactivation of the economy and reduction of COVID-19 infections if people bought mainly online

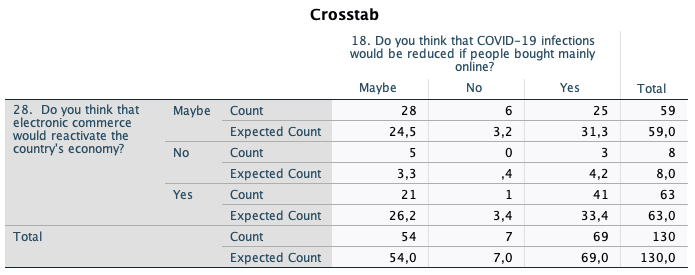


Table 3.26: Chi-Square Tests of the relationship between e-commerce as a reactivation of the economy and reduction of COVID-19 infections if people bought mainly online

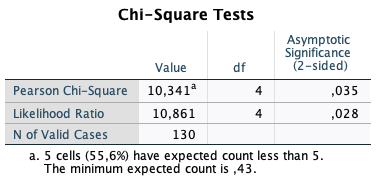
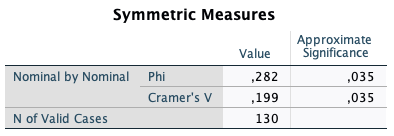


Table 3.27: Symmetric Measures of e-commerce as a reactivation of the economy and reduction of COVID-19 infections if people bought mainly online



There is a direct correlation between the variables whether people think e-commerce can reactivate the economy and whether they believe that COVID-19 infections would be reduced if people bought mainly online, according to the *p*-value:

*x*2(4) = 10,341

*p* = .035

Table 3.28: Crosstabulation of the relationship between pick up services of their online purchases that make people feel safer and level of importance of customer service on online platforms

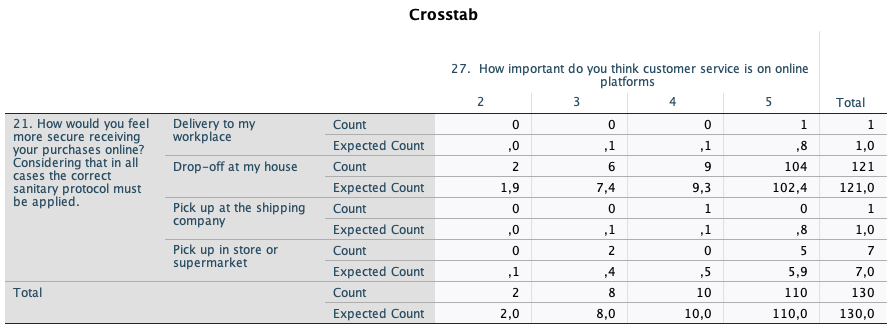


Table 3.29: Chi-Square Tests of the relationship between pick up services of their online purchases that make people feel safer and level of importance of customer service on online platforms

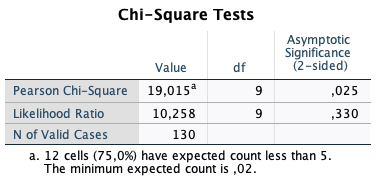
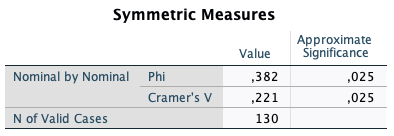


Table 3.30: Symmetric Measures of the relationship between pick up services of their online purchases that make people feel safer and level of importance of customer service on online platforms



Both variables were shown to have a substantial relationship: How would they feel safer receiving their purchases online with How important they think customer service is on online platforms. As it shows, the *p*-value falls within the significant region:

*x*(4) = 10,341

*p* = .035

Table 3.31: Crosstabulation on the satisfaction level with the delivery process and delivery delay time

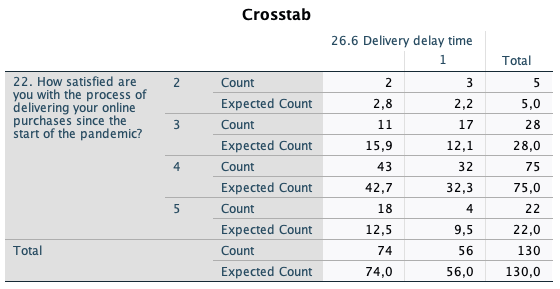


Table 3.32: Chi-Square Tests on the satisfaction level with the delivery process and delivery delay time

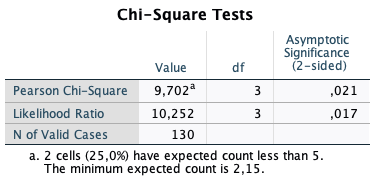
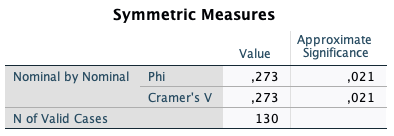


Table 3.33: Symmetric Measures on the satisfaction level with the delivery process and delivery delay time



There is a significant difference between the satisfaction level with the delivering process, which was an ordinal variable, and with the delivery delay time, being the latter one of the multiple options of a categorical value. The *p*-value equals to:

*x*(3) = 9,702

*p* = .021

Table 3.34: Crosstabulation on the satisfaction level with the delivery process and customer service importance

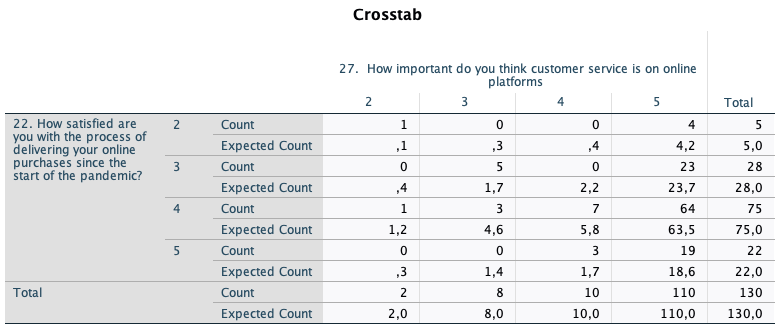


Table 3.35: Chi-Square Tests on the satisfaction level with the delivery process and customer service importance

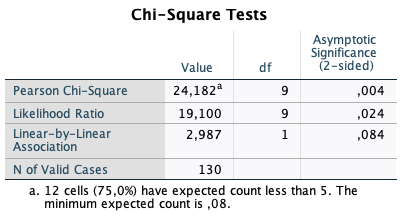
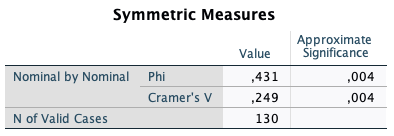


Table 3.36: Symmetric Measures on the satisfaction level with the delivery process and customer service importance



The tables show a relationship between the variables of satisfaction level with the delivery process and how important people think customer service is in online platforms. The p-value is:

*x*(9) = 24,182

*p* = .004

Table 3.37: Crosstabulation on the satisfaction level with the delivery process and intention to repurchase post-COVID-19

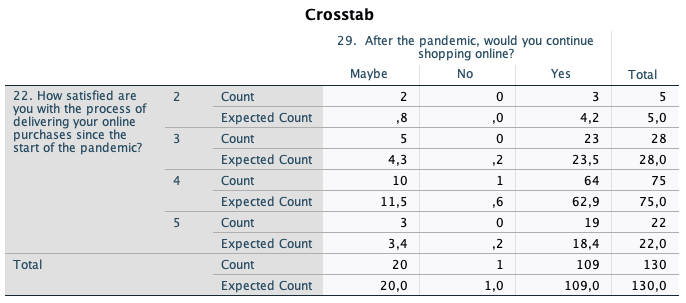


Table 3.38: Chi-Square Tests on the satisfaction level with the delivery process and intention to repurchase post-COVID-19

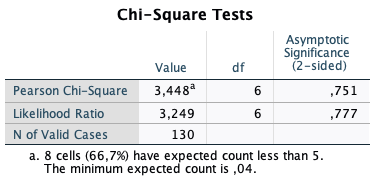
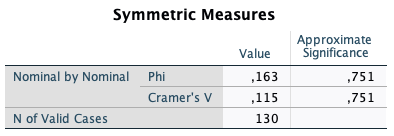


Table 3.39: Symmetric Measures on the satisfaction level with the delivery process and intention to repurchase post-COVID-19



The table illustrates that the relationship of the variables between satisfaction level with the delivery process and the intention to purchase again in the future is non-significant: *x*2(6) = 3,448

*p* = .751

Table 3.40: Crosstabulation on purchasing channel preference post-COVID-19 and e-commerce as a reactivation of the economy

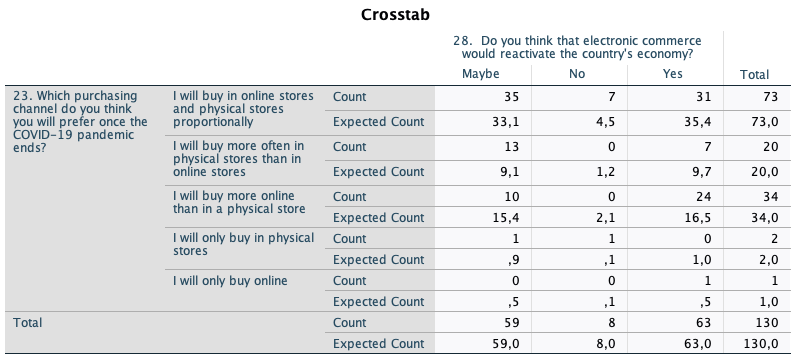


Table 3.41: Chi-Square Tests on purchasing channel preference post-COVID-19 and e-commerce as a reactivation of the economy

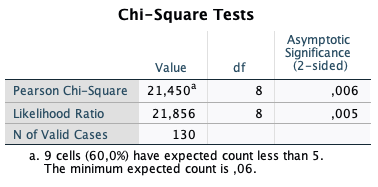
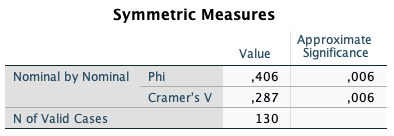


Table 3.42: Symmetric Measures on purchasing channel preference post-COVID-19 and e-commerce as a reactivation of the economy



The tables allow comparison of the variables of purchasing channel preference and the belief that e-commerce would reactivate the country’s economy. The *p*-value shows that there is a significant difference which equals to:

*x*(8) = 21,450

*p* = .006

Table 3.43: Crosstabulation on purchasing channel preference after the pandemic and repurchase intention post-COVID-19

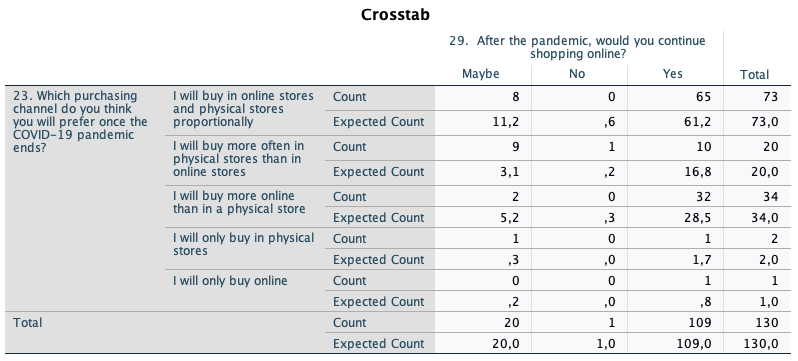


Table 3.44: Chi-Square Tests on purchasing channel preference after the pandemic and repurchase intention post-COVID-19

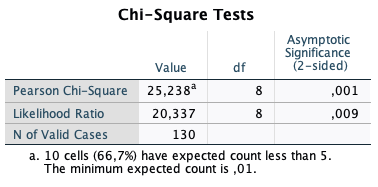
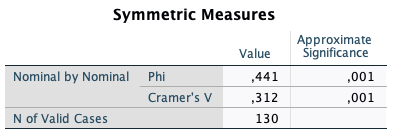


Table 3.45: Symmetric Measure on purchasing channel preference after the pandemic and repurchase intention post-COVID-19



The information shows that there is a significant relationship between both variables with purchasing channel preference and the belief of the intention to shop online once the pandemic is over. The *p*-value equals to:

*x*(8) = 25,238

*p* = .001

# Chapter 4: Discussion

People in Peru need to be more aware of the existence of e-commerce and its benefits, such as how it can help people in buying safely amidst a pandemic and how it can act as a sustainable economy reactivation strategy. The results indicate the following aspects which were divided into two: relevant findings and relationship between variables.

## *4.1 Relevant findings*

* **Frequency of online shopping**

The results showed that there is a great majority of people who buy online once or twice a month. That represents a low frequency compared to other emerging markets going through a pandemic and that can be due to the fact that e-commerce is still quite new for many Peruvians. However, this was contrary to the analysis done by Google about purchasing behavior, which was published on the Peru Retail webpage. It was found that last year in July 47% of Peruvians modified their online shopping frequency. Moreover, In the study “E-commerce and its importance in times of COVID-19 in the northern part of Peru”, was found that although 25.97% of people continued to buy monthly during the pandemic, now the fortnightly (18.43%) and weekly (16.36%) purchases have increased (Palomino, P. et al, 2020). In addition, a report done by Marketing 4 e-commerce (a portal specialized in marketing for online commerce) stated that before the outbreak, 42% of Mexicans made purchases online once a month, 25% bought once a week and 19% did so on a quarterly basis. After the pandemic, the frequency of purchases once a week increased by 25%.

* **Importance of customer service in online platforms**

Based on the survey results, the mean obtained was 4.75 of 5. That represents a very high level of importance that Peruvians give to the customer service aspect of an online platform. A client who is dissatisfied with your customer service will not only leave your store but will also tell their friends about it, leaving them uninterested in your shop's price – even though it is affordable (E-commerce Germany News, 2019). According to Microsoft data (The Microsoft 2019 State of Global Customer Service), exceptional customer service builds satisfaction and loyalty by providing customized, value-added experiences, and turning negative experiences into optimistic outcomes that therefore create brand advocates. In the same study, a survey was conducted and when people were asked about the importance of customer service, 85% of people in Brazil chose “very important”. On top of that, 76% of the people in the same region expressed that they stopped doing business with a brand because of a poor customer service experience.

* **Satisfaction level with the online purchases’ delivery since the start of the pandemic**

The results of this aspect were unexpected since the majority showed a positive perspective about the delivery of their purchased products online since the mean obtained was 3,88 of 5. However, that does not mean that they are completely satisfied with the delivery time or service since Peru’s logistics system still needs a lot of improvements. A report made by Burgos (2020), analyzed the logistics in Latin America during the pandemic last year, and it was found that some aspects need an urgent change. For example, it should facilitate returns, adapt to green logistics which includes seeking methods that do not pollute the environment, and they need up-to-date professionals so that new strategies can be implemented and avoid delay in procedures.

Talledo (2011) stated that in Peru there is a concern about our own sources of supply since the productive chains and the supply have a marked geographical dispersion. The cost-distance relationship is important both for freight and time. He also affirmed that logistical connectivity implies increasing transport routes and frequencies, which led to revising the transportation routes. Besides, there are regulatory, cost, capacity, and storage issues.

What is more, since Peru’s e-commerce logistics grew 150% during 2020, in order to overcome the challenge of supplying people during the pandemic, this year both retailers and logistics operators must invest a considerable sum so that they are able to boost their operations (Peru Retail, 2021).

* **Aspects that prevent people from buying online**

The results of this study portrayed that a great majority of people considered that the website does not seem trustworthy is one of the main reasons they do not buy online, followed by terrible customer support. Regarding the platform of the website, this is related to the fact that people in Peru are not completely safe about introducing their card details when buying online. As stated in the literature review, Mukherjee and Nath (2007) find a website's privacy and security feature to be key antecedents of online trust.

Hence, when immersing into the e-commerce world in a context where online purchases are not very common, it is crucial to consider the aspects that make a website design seem trustworthy and safe.

* **The main reason to buy online**

A great number of people responded that the main reason why they buy online is because of the better discounts in comparison to physical stores or others. That is true regarding current online platforms because they do not need to pay rent to sell their products in a physical place. For Kotler et al., (2013) price has long been a key factor in determining a buyer's decision.

## *4.2 Relationship between variables*

* **Relationship of satisfaction level of online purchases delivery with delivery delay time and customer service (Alternative hypothesis (H1) is validated)**

This research discovered a significant connection between the satisfaction level of online purchases delivery with delivery delay time and customer service which may be related to the satisfaction with the overall experience of buying online in a context of a pandemic where people want to get their product delivered as soon as possible since they can not go out to get it immediately.

This finding is consistent with the 2009 study of Chang, Wang, and Yang where they state that “service quality” refers to a customer's general assessment of the quality of online services received, with an emphasis on coordination between the company and its clients to offer follow-up services and resolve problems in a timely and trustworthy manner. The customer friendliness of an online store is referred to as “system quality.” This covers the engineering-related aspects of a website's efficiency, such as interface design, functionality, security, and transaction process (Lin, 2007).

By the same token, the most common concern of people who shop online is that their orders do not arrive on time, according to Montoya (2018). The findings of that study identify that orders that are not shipped on schedule, orders that do not arrive completely, and delayed reversals to customers were all expressed in claims submitted via various call center service systems, claims books, and customer service modules.

According to Norizan and Abdullah (2010), perceived customer care efficiency has a substantial effect on loyalty, which impacts consumers' potential purchasing intent. Reibstein (2002) similarly notes that one aspect that contributes to consumer satisfaction is post-purchase customer support. Grant (2007) looked at four facets of distribution service quality: responsiveness, reliability, consistency, and after-sale strategy.

This result also fits Yang et al., (2004) study, where affirms that responsiveness is the most important element in assessing the efficiency of an electronic service.

* **Relationship between e-commerce reactivation of economy and reduction of infections if people bought mainly online (Alternative hypothesis (H4) is validated)**

A significant relationship was detected between e-commerce as a measure of the reactivation of the economy and the reductions of infections in case people bought mainly online. Some people consider that buying from online sites can contribute to the reactivation of the economy since many physical shops are closed and e-commerce can keep the economy moving. What is more, it is a fact that avoiding physical contact with people prevents the spread of COVID-19 infections.

The UNCTAD study about the impact of COVID-19 on e-commerce showed how e-commerce is gaining traction around the globe, with customers in developing markets leading the charge. For instance, in the second quarter of 2020, the online market “Mercado Libre” of Latin America, sold twice as many products daily as it did the previous year. Jumia, an African e-commerce website, announced a 50% increase in transactions in the first half of 2020. Thus, it gives a panorama on how e-commerce is impacting the economy directly during this pandemic.

Additionally, in an IPSOS report about Peruvian consumer behavior called “The post-COVID-19 consumer will focus on savings, it will be more digitized and will prioritize the purchase of fresh and healthy products” it is stated that teleworking or remote management will also be part of the new digital profile of consumers, who will be focused on making greater use of online shopping to obtain the best price on the services of first necessity (Maldonado, 2020). This shows how staying at home is being normalized in this context.

Furthermore, the study of NielsenIQ (2020) in a survey conducted in an emerging market like Vietnam, demonstrated that 45% of Vietnamese consumers bought storage goods and 25% of these products were bought online. Likewise, Vietnamese companies have changed their services (for example, home delivery, low-cost masks, and sanitizers), resulting in a large rise in revenue (Vietnam News, 2020). Pandemic anxiety is conceptualized in this analysis as market contagion fear, which is a perception that affects how consumers use e-commerce sites to make purchases.

Nevertheless, a more conceivable interpretation for buying online, based on the results of related studies, is that the recent COVID-19 epidemic has raised new health questions, highlighting the need for mediums that enable companies and customers to connect without having to meet in person. The COVID-19 panic raises questions about the function of e-commerce in facilitating social networking and commitments of the stakeholders to procure the sale and purchase of the products over the internet (Addo et al., 2020). Although the COVID-19 pandemic has caused fear, depression, and tension in the global population, Pantano et al., (2020) found that users are rapidly buying goods and services via online channels due to the perceived protection of the Internet and online technology.

In line with Tran’s 2021 study, businesses can allocate web tools in order to assist customers via an online platform, since these are able to establish a communication between sellers and customers, to preserve a relationship with the customer, and therefore lead to credibility. A high degree of fear due to COVID-19 drive consumers to focus on the perceived efficacy of e-commerce platforms for transactional practices that needs risk reduction capacity and a solid trust in a pandemic situation. As a result, companies should look for ways to provide customers with successful web protections.

* **Relationship between the perceived number of SMEs with online stores before pandemic and intervention of the government to promote e-commerce**

A relevant relationship was found between how people living in Lima, Peru perceive the existence of SMEs with an online platform before the pandemic and the agreement of the government to act as a promoter to boost e-commerce in this current situation. The findings have found that the majority’s impression was that there were “very few” SMEs who sold online before the pandemic. In a rank of 1 to 5, being 1 the lowest, the rank number 2 was widely chosen.

All businesses around the globe have had to adapt themselves to new selling methods. SMEs are impacted the most in Peru, and to survive the pandemic, some measures have to be taken (ESAN, 2020). Moreover, SMEs also lead to employment, economic and regional development, and it is considered an important driver of the innovation of businesses (Baldwin, Lymer, and Johnson, 2020).

The lack of banking services still represents a problem for SMEs, and that is why in May 2020, the Executive government from Peru made a decision considering SMEs, where it approved a Legislative Decree which obliges organizations to pay their workers' salaries and benefits through a banking entity. This is another reason why small businesses may have accelerated their digitization processes.

The results of this study were broadly in line with Bologna’s (2000) research where it recognizes concerns in regards to the regulatory, legal, and tax climate considered an obstacle in online business advancement inside SMEs, specifically for companies making global exchanges. SMEs, particularly “only-owner” enterprises, have a restricted workforce as their asset, whereby undertaking and keeping an e-business along with existing duties may be troublesome.

Darch and Lucas (2002) discovered that SMEs sought e-commerce expert advice from government and business organizations; nevertheless, those who approached government sources shared dissatisfaction with the scarcity of electronic commerce expertise. From this point, the urgency for a competent system and organized structure is important to assure that SMEs can be reliable with their e-commerce sales.

* **Relationship between people’s trust in putting card details online and their repurchase intention post-COVID-19 (Alternative hypothesis (H2) is validated)**

Another finding of this research is that a significant relationship was found between people’s trust in putting card details online and their repurchase intention post-COVID-19. It is clear that people are not likely to buy online with their credit card details if they have been scammed before or if they have a bad experience with return or exchange policies. The opposite would happen if they buy online with their cards without any problem that involves their money being stolen, and consequently, would increase the possibilities of buying online again.

The result of this study ties well with the fact that online purchases are seen to be severely harmed by security risks (e.g., personal information leakage; Hubert et al., 2017). As customers use e-commerce websites to pay online, it is necessary to give personal and bank account data, and that must be kept secure from leaks and fraudulent conduct or user would encounter possible threats (Hubert et al., 2017). Based on the uses and gratification theory, consumer expectations of online transaction protection improve continuance intention and incentive to write constructive product and service reports. As a result, online security for transferring personal information is important (Liao and Shi, 2017).

E-commerce websites often have privacy rules and agreements with financial institutions such as banks before accepting anonymous payments to protect consumers from illegal acts (Fang et al., 2014; Liao and Yang, 2020). Similarly, it is recommended that online protections should guarantee credit card’s privacy (Plangger & Watson, 2015; Wang et al., 2019).

In addition, the authors (Weisberg et al., 2011; Shin et al., 2013) noted that customers who have a higher level of trust in a company’s site are most likely to repurchase from the website in the future. A similar conclusion is reached by a Malaysian report on the factors that influence online customer repurchase intent, also a developing economy, where the results indicate that customer repurchase willingness in Malaysia is influenced by perceived trust and security (Normaziah, Siti and Ezenne 2018).

Fear of online credit card fraud, according to Ratnasingham (1998), is a significant factor in customers' reluctance to buy online. The empirical findings reveal that privacy and security concerns are of paramount importance. Customers want to know if the company behind the website protects their personal details and how the company copes with security problems.

* **No relationship between e-commerce as a factor of economic reactivation and promotion of e-commerce by the government (Null hypothesis (H3) is validated)**

There was no relationship found between e-commerce as a factor of economic reactivation and promotion of e-commerce by the government. This represents an unexpected result since it would be inferred that the promotion of e-commerce by the government would increase the number of people using it and, hence, would reactivate the economy in a pandemic situation where many physical shops are closed and jobs are interrupted.

This finding contrasts the government’s claims that the “Reactiva Peru” plan has played a huge role in supporting SMEs during the pandemic, which showed how much it had helped SMEs to continue their business. A UNCTAD report indicates that most policymakers focused on short-run solutions around COVID-19; however, others have started to consider strategic recovery needs for the long run. Many developing-country policymakers took action to protect companies and people’s incomes. For instance, the government of Costa Rica created a website for companies that are not on the internet, as well as a mobile app and messaging service to encourage trade between producers of fish and agricultural products. Senegal’s government conducted an education and awareness campaign on the advantages of electronic commerce that reached all demographics. Indonesia’s government unveiled a capacity-building initiative to help micro-, small-, and medium-sized businesses digitize faster. All these measures had positive impacts on their countries' economies, which are all emerging markets too. Another example is an initiative by the Chilean Internal Revenue Service to offer online services that made citizens aware of the benefits of operating online, creating habits of transactions and online purchases and therefore increasing the number of online users.

This study’s result differs from the finding of “Impact of E-Commerce in Indian Economy” (Anuj et al., 2018), where it is stated that government reforms and policies do not just influence foreign investment and investors around the world, but the public too. The Indian government has invested a significant amount of capital and implemented initiatives that have aided the development of e-commerce in India. Not only has growth improved people's standard of living, but it has also raised their income.

This result likewise contradicts the claims of Gamarra et al., who in their 2020 research “Impact of e-commerce on the performance of agro exports in the central region of Peru,” where it was found that sustained growth of e-commerce is maintained, but if the industry works as a team to boost online trust with a boost from the government, it could grow even more.

All in all, in line with the hypothesis of the present research, this study’s findings demonstrate that e-commerce represents a good alternative for adults with purchasing power living in Peru during a pandemic since it shows how much impact e-commerce can have on the reactivation of the country's economy and people’s daily life and own businesses.

## *4.3 Implications and Limitations*

For both clients and sellers, it is vital to use e-commerce in a time like this. Evidence-based policies and programs developed through collaboration between researchers and practitioners from various disciplines may have a positive social impact (Smith & Lim, 2020).

This study leads to a better understanding of the Peruvian situation, which is currently going through a series of changes on the e-commerce side but is still lacking a proper system that can make it work to its fullest potential. Given the urgency to tackle the challenges within the system of e-commerce in Peru, the new upcoming government this year should implement measures that are capable of alleviating the economic recession of the country, which includes not only improvement of the formal companies with an established online platform, but also addressing the informal employment factor as well as the inequality in the region.

On the other hand, more research is required to establish whether online shopping is a factor in the reduction of COVID-19 infections. Because this study was based on the data collected with a cross-sectional sample, it would be engaging to execute a longitudinal study to see the changes more clearly over time.

While this study offers significant information, since it was only conducted in the metropolitan region, the study does not evaluate the effects of e-commerce in rural areas. Thus, the results cannot confirm a generalized relationship between variables in the country as a whole. It is proposed that comparable research be conducted in both metropolitan and rural areas. Since the majority of respondents were young people, comparable research should include more older people to determine the differences in respondents' preferences.

Further studies can take into account other factors; for example, Madu, in their 2020 study, used characteristics, safety, trust, responsiveness, reputation, assurance structures, reliability, storage capability, word-of-mouth, accountability, product customization and differentiation, and policies that determine website performance, among others.

Potential antecedents may have been missed because of the fixed approach (Johnson and Christensen, 2010). Specific options of the survey constrained the methodological choices, and it would be fruitful to gain information from a qualitative method in future studies.

# Chapter 5: Conclusion and Recommendations

## *5.1 Conclusion*

This study examined how e-commerce affects adults with purchasing power living in Peru during a long period of quarantine, due in this case to the COVID-19 pandemic, as well as the degree to which access to such sites is possible and what factors influence online repurchase intention. COVID-19’s effects in emerging markets have emphasized the need of removing existing obstacles to e-commerce.

The findings of the study expose the important factors that make e-commerce feasible in an emerging market like Peru, highlight the severe impact of a crisis in an emerging economy, and also raise the question of how e-commerce can be beneficial for all people, including both vulnerable populations and higher classes. These findings suggest that public policy changes, banking promotion, and improvements in logistics systems could facilitate business improvement during the pandemic.

This thesis fills in a gap in the literature by capturing the insights of people living in Lima, Peru, during the COVID-19 pandemic who need a sustainable system that can enable adults with purchasing power to continue supplying themselves for their families or own businesses so that these can keep operating despite the lockdowns. Additionally, it gives a better understanding of e-commerce in a specific context for policymakers as well as academics researching this phenomenon.

## *5.2 Recommendations for the Government and the Public*

Based on the findings and the literature review of this study, an incredible need to portray the current context of Lima, Peru, and how to alleviate these situations was aroused; hence, the following recommendations are made.

The government has a role in promoting these online platforms and in building a strong connectivity system. Highlighting the benefits of e-commerce in the middle of a pandemic is crucial for people to understand that they can still obtain the products and food they need without leaving home. Furthermore, government and business service organizations have a duty to educate and inform the public about the security of e-commerce payments. Older people in particular should be educated about the use of online platforms so that they can buy online or even create their own online business and work from home, protecting themselves and their families from the pandemic.

Since informal jobs are a great proportion of those in Peru, some measures must be taken that can facilitate the creation of an online store with delivery at accessible and affordable prices. SMEs in Peru are highly affected by the pandemic too. There should be educating programs on the use of the Internet and the creation of web pages that can be broadcasted on TV or sent by leaflets. These measures must be taken in a short time so that the benefits are immediate and sustainable. The prevailing informality must be reduced to ensure that government programs reach a greater number of SMEs via indebtedness and tax declaration criteria, which should accelerate the achievement of short-term objectives. Work should be done on market development strategies to incorporate more SMEs into the public policy of financial support.

Even though delivery in Peru still does not include same-day delivery, logistics companies can work first on creating an organized system that can assure on-time arrival so that people trust what the online platform is promising. It is necessary to improve the platform and logistics in Peru and, consequently, improve customer service quality and assure people’s repurchase intention in the future. An electronic logistic system can be considered since it would be more effective to optimize the procedures, product deliveries and manage the information better in real-time in order to be attentive to each of the steps in the supply chain. It is worth noting that more personnel would be needed and, accordingly, it is important to take into account the safety of the staff by testing them regularly and providing them with protective equipment.

SMEs need to operate in a growing economy to achieve better performance. In this sense, economic policy should promote a recovery in the growth rate of aggregate GDP. At the same time, consumers must regain their purchasing power as a result of permanent and productive employment. SMEs must evaluate new business approaches given the new reality and develop stable mechanisms and guarantee security to their future customers.

A code of conduct for companies should be written, taking into consideration the current pandemic. This can assure the health and safety protocols required to avoid infections in delivery. It is also necessary to have firm control and organization of stocks and inventories. A recruiting process must be carried out for people who can work in the country’s customer service sector of the different national online platforms.

From this point forward, it would be vital to pass regulations that will create and grow well-structured e-commerce networks that maximize their growth capacity in online transactions.

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# Appendix

**Survey: E-commerce in Peru during COVID-19**

Survey aimed at adults with purchasing power who live in Lima, Peru and are going through a health emergency due to COVID-19. This survey aims to examine the effect that COVID-19 has had on consumers' online purchases in Lima, Peru.

Do you agree to participate in this survey for academic purposes? If your answer is "Yes", kindly reach every statement and respond directly against each statement or choice. Additional space is provided for options such as “other”, where you can describe your response. Please be as candid and frank as possible in the responses. Rest assured that privacy and confidentiality will be observed throughout the process.

**Yes**

**No**

1. Age

* 18-24
* 25-34
* 35-44
* 45-59
* 60+

1. Gender

* Female
* Male
* Prefer not to say
* Other:

1. Level of education

* High school or below
* University bachelor’s degree
* Master’s degree
* Doctor’s degree
* Other:

1. Monthly income

* Less than 930 PEN
* 930 PEN to 2000 PEN
* 2000 PEN to 4000 PEN
* More than 4000 PEN

1. The purchases you make online are mostly from:

* National sites
* International sites

1. Generally, do you find different products when you shop online?

Sí

No

1. What websites do you use to shop online?

* Virtual Stores (Ripley, Falabella, etc)
* Social networks (Facebook, Instagram, etc)
* Platform for the purchase and sale of products and services (Linio, Amazon, Shopify, etc.)
* Other:

1. Do you think that the website where you buy online is well organized and easy to use?

Yes

No

1. What type of product or service do you buy more online amid the pandemic? You can choose more than one option.

* Clothing, footwear, sports article
* Home furniture
* Books, magazines
* Tickets for events
* Movies, music
* Applications
* Home appliances
* Computer / Electronic Items
* Land / air ticket
* Hotel / Restaurant Reservations
* Food, grocery shopping
* Other:

1. How many websites do you search before buying a product online?

* 1-2 sites
* 2-5 sites
* 5-10 sites
* 10+

1. Do you have a bank account?

* Yes
* No

1. What payment method do you use for online purchases?

* Credit card
* Debit
* Cash on delivery
* Transfer by ATM or by app
* Electronic wallet (apple pay, google pay, etc)
* Other:

1. What is the main reason you buy online?

* Better discounts
* Time saving
* Fast shipping
* Trust
* Free shipping
* Friend recommendation
* Many product and service options
* Due to COVID-19, I can not go out

1. Do you think that in Lima, it is still not very common to buy online?

* Yes
* No

1. How often do you shop online?

* On a regular basis (more than 2 or 3 times a week)
* Once a week
* 1 or 2 times a month
* Rarely
* Other

1. How safe do you feel sharing your card details online?

* Not safe at all
* Unsafe
* Neutral
* Safe
* Very safe

1. Have you ever been scammed with your online purchase?

* Yes
* No

1. Do you think that COVID-19 infections would be reduced if people bought mainly online?

* Yes
* No
* Maybe

1. Do you buy much more online than before the pandemic?

* Yes
* No

1. Do you think the government should promote online shopping due to the pandemic?

* Yes
* No

1. How would you feel more secure receiving your purchases online? Considering that in all cases the correct sanitary protocol must be applied.

* Pick up in store or supermarket
* Drop-off at my house
* Delivery to my workplace
* Pick up at the shipping company
* Other:

1. How satisfied are you with the process of delivering your online purchases since the start of the pandemic?

* Very unsatisfied
* Dissatisfied
* Neutral
* Satisfied
* Very satisfied

1. Which purchasing channel do you think you will prefer once the COVID-19 pandemic ends?

* I will only buy online
* I will buy more online than in a physical store
* I will buy in online stores and physical stores proportionally
* I will buy more often in physical stores than in online stores
* I will only buy in physical stores

1. Before COVID-19 in Peru, were small and medium-sized enterprises (SMEs) and local merchants sufficiently equipped to have online stores?

* Almost all SMEs and / or merchants already sold online
* Many were already selling online
* There were some who sold online
* There were very few who sold online
* There were no SMEs or local merchants selling online

1. Which of the following advertising channels motivates you the most to buy online? Choose all that apply.

* TV
* Online advertising (example: Youtube)
* Google advertising (in search results)
* Advertising banner (example: Facebook)
* On the streets (billboard on the road and in public transport)
* Newspaper
* Other:

1. What aspect (s) would prevent you from making a purchase online?

* The website does not seem trustworthy
* The payment process is difficult
* The website design is poor
* Bad return policy
* Terrible customer support
* Delivery delay time
* Bad past experiences
* Other:

1. How important do you think customer service is on online platforms?

* Not important at all
* Not important
* Neutral
* Important
* Very important

1. Do you think that electronic commerce would reactivate the country's economy?

* Yes
* No
* Maybe

1. After the pandemic, would you continue shopping online?

* Yes
* No
* Maybe

1. Peruvian National Statistics and Information Institute. [↑](#footnote-ref-1)
2. CEO of the Peruvian Chamber of Electronic Commerce CAPECE. [↑](#footnote-ref-2)
3. A group of street traders always located at the same place. [↑](#footnote-ref-3)
4. Street vendors of newspapers and magazines. [↑](#footnote-ref-4)
5. Currency code for the Peruvian money (Sol). [↑](#footnote-ref-5)
6. EsSalud is the Social Health Insurance of Peru. [↑](#footnote-ref-6)
7. SUNAT is the Peruvian body in charge of customs and taxes compliance. [↑](#footnote-ref-7)
8. Datum is a Peruvian market research company that generates and analyzes data about people, consumers, and markets. [↑](#footnote-ref-8)
9. Ipsos is an international market analysis and advisory company. [↑](#footnote-ref-9)