

Transformation of Revenue Platform from Bricks to Online: Evidence from the Pandemic of Furniture Industry Worldwide

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Abstract:- The furniture industry has a long history from the ancient civilizations as proven by several historical studies thereat. In the mid-1800s, furniture sellers developed the practice of buying furniture at wholesale prices from manufacturers and selling them in showrooms. This 20th century, the furniture industry is continuously innovating using the latest technology throughout the years depending on the needs, style and prices in the marketplace. However, with the unforeseen occurrence of COVID-19 pandemic, the people need to adapt to the “new normal”. Everyone has been affected, including businesses in the furniture industry. Thus, E and F Company, both manufacturers leave no choice but to temporarily close its stores around the world prioritizing the health and safety of its employees, customers and communities. Further, several companies have shifted to a skeleton schedule and work-from-home scheme in accordance with the advisory of the World Health Organization (WHO) and government protocols. The sudden change has transpired the set-up of working and online classes at home. Hence, people become fascinated to modify part of their home as a working space and haven in this time of affliction. Surprisingly, the demand for office and home furniture is still thriving. Therefore, E and F Companies must seize this opportunity by creating a business plan in regard to human resources, financial position, production and logistics activities, marketing strategy and other aspects that will inscribe amid this pandemic.

Keywords:- COVID-19, Furniture, Innovation, Operations, Technology.

I. INTRODUCTION

The furniture industry has a long history from the ancient Greeks, Romans, Egyptians and Chinese civilizations as proven by several historical studies thereat. In the mid-1800s, furniture sellers developed the practice of buying furniture at wholesale prices from manufacturers and selling them in showrooms. This 20th century, the furniture industry is continuously innovating using the latest technology throughout the years depending on the needs, style and prices in the marketplace.

E Company was founded in the 1930s by a brilliant man from Europe. The company started selling different products at a low price. Thereafter, the founder realized the success and made an advertisement in the local newspaper to attract more new clients. Subsequently, E Company decided to sell furniture in selection and even published a catalogue in order to showcase its products in vogue and this action led to the continued success of the company. At sometime in the 1980s, an unfortunate event occurred to the company’s flagship store which caused a lot of casualty. Rather than losing outlook, the company made another impressive idea to keep servicing its customer via order an item and pick-up; the effect was another achievement. Nowadays, E Company is considered one of the top furniture brands in the world. It continuously opens stores to other parts of the world to cater the international market.

F Company, another furniture manufacturer founded more than 30 years ago is also considered one of the top in Asia. It exports all over China, US, Europe, Southeast Asia and many other countries. The company complies with the standards to provide quality products by integrating research and innovation and more importantly excellent services to the customers. However, the same with E Company, F Company’s expansion to other parts of the world has been delayed and some stores have been temporarily closed due to COVID-19 pandemic. This proves that the manufacturing industry, whether small and medium or large have been affected completely.

II. STATEMENT OF THE PROBLEM

With the unforeseen occurrence of COVID-19 pandemic, the people need to adapt the so-called “new normal”. The “new normal” is having our daily lives going in spite of the pandemic. The end of this virus is still uncertain and it is getting worse due to the new found variants of viruses. Therefore, several companies have shifted to a skeleton schedule and work-from-home scheme to observe health and safety of every employee in accordance with the advisory of WHO and government protocols from different countries. Thus, E and F Company, both manufacturers leave no choice but to temporarily close its stores around the world prioritizing the health and safety of its employees, customers and communities. The manufacturing companies contribute to the economy by providing employment, spurs growth and innovation, involvement in civic and cultural life and many

more benefits where each store is based. Their decisions were not easy as this would result in low-level sales, financial difficulty and unserviceable customer requests. Would an online sales platform be viable for the furniture industry to boost revenues?

III. CAUSES OF THE PROBLEM

Pandemic and Protocol

The COVID-19 made its first outbreak from one of the cities in China, then crossed to other parts of the world through human transmission. Consequently, every country has imposed travel restrictions and ban on sea, air and land except for essential purposes in order to limit the movement of people. Everyone was advised to stay at home and observe physical distancing especially minors and senior citizens as they are considered the most vulnerable to viruses. Thus, this sudden change in the movement of the people has impacted the economy of the countries around the world.

Supply Chain Disruption

The effect of COVID-19 has imposed heavy load on the economic activity of the entire world. The manufacturing and logistics activities have been paralyzed owing to various difficulties in public transportation, border restrictions, employees' health, and many other factors to contain the spread of the virus. Thus, some companies need to reduce production of materials and products and this would affect the lead time to manufacture and deliver to all its customers. Further, the quality might be compromised and the availability of the products may not meet the demand on the marketplace.

Customer Services

In observance of safety protocol, people have no choice but to stay at home or limit their errands to lessen the possible transmission of virus. Observing social distancing is good for public health but affects the entire business. Thus, some companies have to innovate and use the available platforms on the internet and other means of telecommunications to constantly serve the customers. However, in this current situation, there are some challenges in providing excellent services to the customers: First, the limitation of employees of the company to attend to the volume customer's orders, queries and complaints. Second, there are those who are still not technologically savvy with advanced gadgets and devices. Lastly, it is quite difficult to communicate with some people who aren't familiar with expressing themselves through phone or e-mails, easily get angry or may have innate high pitch voices which result in misinterpretation of information. Anyhow, would video platforms be enough to provide the physical showroom that customers normally expect?

Financial Constraints

As to date, the containment of the viruses around the world is still uncertain. More and more people lost jobs and sources of income have been impacted dreadfully. The standard of living has affected the buying power of consumers which correlates to the level of sales of some businesses. According to Maslow's hierarchy of needs, people focused on basic physiological needs which include food, water,

shelter and clothing. After satisfying the first level, the people moved up to the second level which is security and safety needs which includes financial security, health and safety. Accordingly, consumers pay more attention to important matters than other luxurious things especially in this time that people are struggling financially.

IV. COURSES OF ACTION

Lock-downs, quarantine, checkpoints and other kinds of restrictions have been imposed a year and up to now due another surge of new variants of viruses. The sudden change in order to adapt with the current situation transpired the set-up of working and online classes at home. Hence, people become fascinated to modify part of their home as a working space and haven in this time of affliction. The furniture industry has been affected immensely at the onset of COVID-19 pandemic. Surprisingly, the demand for office and home furniture is still thriving. Therefore, E and F Companies must seize the opportunity to sustain the flow of income. Their management must create a business plan to address the changes that the company must deal with, including the human resources, financial position, production and logistics activities, marketing strategy and other aspects to arrange under the same goal. The marketing strategy must be well coordinated with the available budget of the company.

In this regard, the company must take advantage of using technology like Facebook, Instagram, Youtube, and the like since the majority of the people are attached to the internet. A study conducted in 2012 revealed that 88% of U.S. adults own a cell phone and 55% of them use cell phones to browse online, which increased from 31% last 2009. Can you imagine how quick the increase of internet users around the world is? Almost everyone owns a cell phone because it is now considered a necessity and the price in the market is very affordable. The advancement of technology is sure fast-paced, various online transactions become a portal of convenience to everyone - e.g. transactions to banks, selling and buying are via online. Since both companies had chosen to temporarily close its store, the employees who were placed at work from home set-up could be assigned to advertise, collect orders and provide assistance to the customers, while the others handle the delivery of the items. The budget allotted on store operation prior to the occurrence of pandemic could be realigned to strengthen the customer services and provide excellent customer satisfaction. The suitable business plan will be a big help to the company amid this pandemic.

V. RECOMMENDATION

E and F companies are already considered top manufacturers in the world, however, the COVID-19 has enormously changed everything. Thus, in order to remain steadfast amid pandemic, certain adjustments must be set. Nowadays, employees are concerned regarding security of tenure, thus, E and F companies must create a clear outline on the working schedule of the employees. There should be sufficient personnel who will handle the IT, coordinate the delivery of products and handle the after sales concerns of the customers. Further, it is quite grim that health is at stake in

order to fulfill duties, hence, compensation and benefits should be cleared as well to boost morale of the employees. Since, the majority of the people are already into online transactions, thus, the company must allot enough budget to enhance and or create a user-friendly website that could connect to any generations. Further, an effective advertisement must be created showcasing all products all over the internet. The security of the customers' information must also be safeguarded as this could lead to data privacy violation. Furthermore, corporate social responsibility must not be forgotten as this leaves an indelible image to the people. Presently, consumers are very particular in supporting products of the companies that share the same values. In view of the foregoing, these are some of the actions that must be taken into consideration. The furniture industry is a business that beyond the typical - never have been outdated.

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