**NAME: IDOGUN, OGHENFEJIRO BENITA**

**MATRIC NUMBER: 18/LAW01/116**

**DEPARTMENT: LAW**

**COLLEGE: LAW**

**COURSE CODE: LPI 204**

**HOW THE COVID-19 PANDEMIC HAS AFFECTED CONSUMER BEHAVIOUR**

The reality of this new pandemic took the world by surprise. People worldwide are still trying to adapt to the idea of prolonged indoor stays. So, now that we are all trying to avoid going out to shop in brick and mortar stores, how has this changed our approach in purchasing goods?  Furthermore, will these adjustments establish new and lasting habits?

In countries heavily impacted by COVID-19, consumers are stockpiling food and other essential items, while isolating themselves from crowds. To find out how and when consumers started showing these behavioural changes, Nielsen conducted shopper behaviour research that started during the beginning of the pandemic in China and extended to other countries that have also been affected. They monitored consumer trends, as COVID-19 news reached the general public and found out that consumers go through six behavioural stages based on their awareness of the COVID-19 spread in their communities:

1. Proactive health-minded buying: Increased interest in the acquisition of products that maintain well-being or health

2. Reactive health management: Prioritization of products for infection containment (e.g. face masks)

3. Pantry preparation: Higher purchases of shelf-safe products and increased store visits

4. Quarantined living preparation: Increased online shopping, decreased store visits and first signs of strain on the supply chain

5. Restricted living: Possible price gouging due to limited supplies and deterred online fulfilment

6. Living a new normal: Increased health awareness even as people return to their typical daily activities

The study also found out that consumers typically moved from one stage to another in a period of two weeks in areas close to the initial outbreak. However, this happened much faster in other countries where the outbreak started later, such as Italy and the US.

Currently, the only country where consumers are starting to transition to the sixth stage is China, while the US has begun to move towards restricted living. So, what kind of possible long-lasting consumer behaviour shifts can we expect as a result? It’s still too early to tell, but clear trends can be seen, which, if sustained, could lead to significant shifts in how consumers shop in the future.

When consumers are faced with shopping restrictions, they find and adopt newer ways to shop through technology. This is especially true when it comes to health and essential items. In 2019, the online grocery shopping market generated about $28.68 billion or a 20% increase from 2018. Despite this growth, food and beverage were still one of the smallest e-commerce categories. Last year, it was mostly the younger population segment that tried online grocery shopping, with 55% of 25 to 34-year-olds considering them likely to purchase groceries online, in contrast to only 35% of 45 to 54-year-olds expressing the same sentiment.

However, due to the pandemic, older generations are starting to see online shopping as a valid and safe option to obtain groceries. For example, Alibaba reported that in China, online grocery orders placed by people born in the 1960s were four times higher than normal during the Spring Festival or the period were China was still discovering new cases of COVID-19 each day.

But what about other product categories? With so many consumers entering restricted living situations, there has been a spike in other categories, especially in entertainment and media. That’s not surprising given that staying home increases the amount of content people watch by 60%. Video games and video-game internet traffic have seen a 75% increase since restrictions were imposed in the US. Of course, not everyone is seeing increases in traffic or purchases; in fact travel sites are experiencing the opposite.

So, do these changes signal a shift into how consumers will behave in the long term? If the holidays are any indicator, even short-term adjustments in behaviour can have long term effects. For example, during holidays, there’s an increase in the number of consumers purchasing online or on their mobile devices. We then see this behaviour being sustained as new holiday seasons roll in, which means new habits have been established.

Despite the rise in e-commerce activities due to the pandemic, most retailers have a bleak outlook for the rest of the year. This is because e-commerce typically represents only about 16% of their sales revenue. With many stores shutting their doors, it is in the best interest of businesses to maintain and grow their e-commerce strategy.

### Relying on manufacturers

As the population of most countries starts to move from quarantine preparations to restricted living, online fulfillment will be challenging due to strains in the supply chain. This has prompted many consumers to turn to Direct to Consumer (D2C) manufacturers to order and receive goods within a normal timeframe.

These D2C manufactures are a growing segment that caters directly to consumers by bypassing standard distribution channels, effectively gaining direct access to consumers. Several of these manufacturers have seen a significant boost in sales due to the pandemic. For example, Peach, a brand that manufactures high-end bath tissue saw new customers increase by 279% over the last two weeks compared to the two weeks prior.

Awareness of D2C manufacturers has increased in the last few years, with almost 48% of manufacturers racing to build D2C channels, and 87% seeing these channels being relevant to their products and consumers. Initially boosted by younger audiences, D2C manufacturers have found success by focusing on specific target audiences and catering to their needs and identities. This D2C trend is expected to continue, and perhaps accelerate, as manufacturers that are still on the fence might finally see the benefits of D2C and make themselves directly available to consumers

However, even D2C manufactures that have found themselves positively impacted by the COVID-19 pandemic will be affected by supply chain issues as consumers start living in quarantine. This means they can’t afford to stand idly by and must find a way to maintain their e-commerce growth once the pandemic is over as well.

**Trust and Loyalty**

The task of continuing to entice consumers to shop online, for both retailers and D2C manufacturers, is grounded on trust in order to foster lasting loyalty. However, building trust, especially in these extreme situations, means more than meeting expectations, but exceeding them. To do so, here are some important approaches to keep in mind:

**Ease the transition.** Make it as seamless as possible for consumers to switch to online shopping. For example, by providing flexibility with payment options and making it easy for them to easily find what they need. This is especially true for consumers who are moving to emerging e-commerce categories, such as groceries, for the first time.

**Manage expectations.** Display accurate stock level information especially for sought-after goods. This includes communicating realistic estimates for delivery and even re-evaluating display ads so that consumers don’t feel misled by services you can’t provide.

**Foster comfort.** Ensure that customers feel confident that their goods will be delivered on time. Encourage them to sign up for subscription services, whether through preferential pricing or other promos to help them feel safe that they will receive their products without delays.

**Leverage promos and loyalty programs.** In times of crisis, consumers are not very price sensitive. However, making price discounts and promotions available, like free shipping, helps nurture goodwill. Increasing loyalty points and rewards programs encourages customers to stay long term.

**Prioritize customer care.** Increase communication to foster a relationship with your customers, as they may feel isolated at this time. Set up a hotline to address any questions or concerns, as well as make sure their comments or reviews online are heard, to maintain a lasting positive image with consumers. Remember that consumers are spending more time online and rely on reviews to make purchasing decisions.

## Improving your ecommerce offering to remain competitive

As the Corona virus crisis continues to bear down on the world’s population, and as their behaviour adapts, companies with a strong ecommerce offering can ensure that they are there when consumers need them.

Nike, for example, has managed to [increase digital sales by 30%](https://fortune.com/2020/03/25/nike-coronavirus-business-impact-china/) as a result of their fitness and e-commerce apps being particularly well integrated.

As consumer behaviour changes and results in more and more customers shopping online, so too will the marketplace change to become ever-more competitive as companies seek to capitalise on this trend. If your site is not found in search engines for relevant searches, or your site’s responsiveness lags behind your competitors, your ability to compete will be severely diminished. In today’s tough economic climate, this is the digital equivalent of rubbing salt in a wound.

This implies that, rather than stopping marketing activities such as Analytics, Search Engine Optimisation (SEO), Content Marketing, Conversion Rate Optimisation (CRO), Pay Per Click (PPC) and Paid Social etc., companies could be best served by investing into (if not doing so already), or investing more heavily into these types of activities. While each business is different and will face its own challenges, investing into these areas may actually help companies thrive in a competitive space, and help offset the financial impact of the loss of offline sales. Investment here will certainly prevent the loss of online market share, and will help position brands in preparation for the increase in demand that will surely come once this crisis abates.

We recently published some tips on [How to keep your digital strategy safe from the effects of COVID-19](https://www.ayima.com/blog/how-to-keep-your-digital-strategy-safe-from-the-effects-of-covid-19.html), which suggests some initial steps companies could take to review their current offering and help safeguard their business in these troubled times.

While it might be sensible to remain invested in online marketing activities such as SEO and Paid Media to promote your brand during this crisis, it’s likely that the specific tactics employed will change.

Both SEO and Paid Media might need to change the focus of campaigns due to changes in demand, and focus on different sets of keywords based on new consumer search behaviours. For example, we have noticed that Fashion brands are attempting to pivot to loungewear items, given that most of the population is stuck at home.

In Paid Media, bid strategies will probably need to be adapted ([we have some specific tips about this on our blog here](https://www.ayima.com/blog/positive-paid-media-during-the-lockdown-be-helpful.html)), and SEO might find new opportunities for new types of content and changes to on-page optimisation.

Editorial content is usually seen as a quick win since it normally requires little technical input and can therefore be developed and implemented rapidly. The key is in understanding your customer’s intent and providing content that meets or exceeds their needs. We have noticed some ecommerce companies are attempting to pivot their content marketing to capture users who, as of the beginning of lockdown, are at home with far more time to surf the web.

This shows us that companies should probably perform a deep-dive into their Analytics and really understand the current needs of customers, since these needs will almost certainly have changed recently. Have ecommerce sites kept up with these changes?

In this new world, as customers are having to spend much more time shopping online, even small changes to a site’s user experience and page load times will likely have a much bigger impact on customer retention and conversion rates.

Performing a careful analysis of how fast a site’s pages load within different devices will usually reveal opportunities to improve site speed, many of which can be fairly simply to implement and therefore represent quick wins.

Remember, page speed is a [ranking factor](https://searchengineland.com/google-speed-update-page-speed-will-become-ranking-factor-mobile-search-289904) in Google these days, and there has been much research published showing a direct inverse relationship between the speed of a page and the number of conversions. One such study by [Amazon](https://www.fastcompany.com/1825005/how-one-second-could-cost-amazon-16-billion-sales) showed that an increase in load times of just one second reduced conversions by 7%. This doesn’t sound like a lot, but for Amazon at that time, 7% represented $1.6 Billion in sales! Optimisation of page load times is a genuine opportunity to improve baseline revenue.

In a similar vein, making sites work better for existing customers by analysing their paths to conversion, and the subsequent optimisation of that journey, will allow customers to have a smoother and more satisfying checkout experience. This will almost certainly provide uplifts to the revenue generated by the site, and will probably generate increases in brand affinity too.

## Final thoughts

While the world is reeling from the effects of the Corona virus pandemic, user behaviour is being forced to change and shoppers are increasingly moving online. Ecommerce sites are in a position to be able to capitalise on this, but only if they are able to be found by customers in the first place.

While tactics may need to be adapted to the new environment we find ourselves in, businesses should consider retaining investment in their analytics, online marketing and online content so that they can remain competitive and meet the needs of shoppers.

In these uncertain times, there are still opportunities; it just takes a slightly different mindset and approach, and a positive attitude.

### Looking ahead

### It’s still too early to tell how much consumer behaviour will change due to the COVID-19 pandemic. We’ll learn more and more about the immediate impact on stores and e-commerce as soon as additional countries move through the different stages and into restrictive living. However, it will be a while until we know if these changes in consumer behaviour will be long term. In the meantime, retailers and D2C manufacturers should strive to maintain higher levels of e-commerce sales to mitigate the impact of store closures. Manufacturers that haven’t yet adopted a D2C approach must carefully follow how all this is unfolding. They must decide now whether to jump in and create D2C channels to lessen the impact of the pandemic on their sales before its too late.