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**200 LEVEL**

**LAW**

**THE EFFECT OF COVID 19 ON CONSUMER BUYING BEHAVIOUR**.

**First of all what is Consumer behaviour?**

The term Consumer behaviour can be said to be a study of individuals, groups, or organizations and all the activities associated with the purchase, use and disposal of goods and services, which includes the consumer's emotional, mental and behavioural responses that follow these activities. It is also be defined as the observational activity conducted to study the behavior of the consumers in the marketplace from the time they enter the market and initiate the buying decision till the final purchase is made. In other words, consumer behavior is the study of how the consumers, make purchase decisions and what are the underlying factors that influence such decisions. The marketers believe that by understanding what compels an individual to buy a particular product or service over the other, it is easy to identify which product are in need and which have become obsolete and accordingly the marketing strategies could be designed.

The widespread outbreak of coronavirus, which causes the disease COVID-19, is now a global pandemic. 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 behavioral changes, Nielsen conducted consumer behavior 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 behavioral 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 fulfillment

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

The effects of the pandemic sore greatly and affect consumer buying behavious in many ways, it could be positive, negative, economical change, or affect and make change in the manner of a manufacturer, retailer, wholesaler, and lots more.

         Interest in Entertainment and media:

1. 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. In good and positive ways, which is in the vein of promoting business, we see;

         Interest in online shopping:

This pandemic has caused older generations to see online shopping as a valid and safe option to obtain groceries which may not be as safe as they think. 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.

However, since the top of the year, online transactions in the Fashion & Luxury category which includes items like designer clothes, watches, jewelry, and handbags have largely stayed above their 2019 numbers. The growth trend that we saw in January 2020 continues unabated, even in the face of a worsening COVID-19 outbreak in the US. This sadly shows how consumers show less concerns in materialistic ideals but how to preserve life.

         Digital streaming:

Due to the pandemic, COVID-19, it is seen that while less about the immediacy of protecting and feeding themselves, it comes as no surprise that as people are homebound and no longer pursuing external entertainment options that there is an increase in digital streaming services. In addition to streaming services like Netflix, Amazon, Hulu, and Disney seeing atypical gains in subscribers in the first quarter of 2020, non-traditional streaming services like movie studios are releasing media streaming, on-demand, sometimes earlier than projected release. This in other words, the pandemic helps the entertainment business and consumers behavior towards digital streaming changes in a credible way.

1. In the manner as to manufacturers;

         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.

1. In the economically changing way or somewhat negative, we see;

         Change in the Sale of groceries

In addition to long-term quarantine type items, for groceries in general, sales are up. However, there are some behavioral changes around the way people are buying groceries.

The first category of consumer packaged goods that is booming is shelf-stable items. These fit into the category of people planning for long-term quarantine.

In the US online purchases of shelf-stable grocery items have grown substantially in the last few days, including Rice (432%), Flour (423%), Canned & Jarred Vegetables (337%), Canned & Prepared Beans (433%), and Canned & Dry Milk (378%) compared to the first four weeks of January. These items are made for tough times when people may need to hunker down. They have a long shelf life, are versatile, and are frequently offered in large formats, making it easy to stock up on ingredients that last

However, there is relative increase in foods that may be stored for a very long time helping in feeding families as the fight the virus and as quarantined, as in the UK, sales of Canned & Dry Milk spiked by more than 350% last week, while Canned & Jarred Fruits were up by 297%. Flour sales skyrocketed to 623%.

Also For example, in an effort to avoid crowds at supermarkets, many people are choosing buy-online-pick-up-in-store or delivery options. Downloads of apps like Instacart and Ship it that allow people to hire personal shoppers to prepare and in some cases deliver their grocery orders have increased by between 124% (for Ship it) and 218% (for Instacart). People are also choosing to buy these items from online stores more than they did prior.

         Sale of medical supplies and health keeping facilities increase:

Its globally known that health and safety products are being purchased far faster than they can be produced and restocked and its alarming.

The sales of facemasks and housekeeping facilities, which can be used to reduce the chance of contracting or spreading the virus, also shot up in early March compared to the first week in January before running out of stock.

In Italy, people prepared to take good care of themselves at home after a partial lockdown on February 25th. Sales of Medical Supplies spiked by 286% in early March, France, which has enacted a country-wide quarantine, saw sales of medical supplies outpace even food products in early March, rising by nearly 600%.

         Home furnishing products stay high

For some time now, prices of home furnishing products have always been really high, however, consumers relatively increase the purchase of home furnishing products, as offices close and employees are encouraged to work from home, many may be outfitting their spaces with items that let them work comfortably and efficiently. In the United States, sales of home improvement, gardening, and interior design products which includes things like office furniture, lamps, and area rugs were up 13% in early March and still up by 8% last week, compared to January 2019. Due to this pandemic it has reduced

         Low demand for luxurious goods:

As a result of to the unpleasant occurrence of the COVID-19 some of the products and services are increasing in sales due to the current situation, while other industries are not doing as well. An exception to the obvious ones like entertainment, restaurants, and travel, one area projected to have significant losses is the luxury goods industry. For example;

Vogue Business projects a potential loss as great as $10 billion for this industry in 2020 due to COVID-19. This is in part because luxury goods rely heavily on the Asian market’s purchasing power, where the pandemic has been affecting consumers since January.

         Fashion and Apparel:

Fashion and Apparel has gone low in the sight and need of the consumers. Sellers are seeing big losses in this part because they’re closing the retail arms of their businesses all together. People are not interested in shopping for clothes in person or even at all. Department stores like Macy’s and ASOS, large chains like Abercrombie & Fitch and Nike, and DTC brands with some storefronts like Gucci and Fendi are all closing their physical stores and experiencing losses. Some stores like Patagonia are halting even their online stores to protect all workers in their supply chain.

Even online apparel sales are low because people are putting more of their resources into daily essentials. Research have here by shown this. This shows an overall 20% decrease in sales month-over-month. This is how consumer demand has reduced in the area of fashion and apparel. This however shows clearly how the pandemic COVID-19 has affected consumer buying behavior, and in this case not in favor of the some manufacturers, producers, retailers in this stead.

1. Its impact in Marketing

This pandemic has generally affected marketing the most. Marketers will have to do what they have always done best to adapt. Staying on top of the latest trends, watching the data for insight, and understanding new consumer behaviors will be key in driving successful marketing strategies moving forward.

As mentioned, in-store traffic and demand are falling daily as users stay home in the US and abroad. As this trend grows, in-home online and TV activity will increase and advertisers can reach their target users during this time by investing more heavily in television (traditional or Connected TV), digital, and direct mail advertising over in-store, out-of-home, and physical advertising due to decreases in public foot-traffic.

As the world pushes through this challenging time, compassion in advertising will be critical to ensure that brands remain in positive light. Businesses should be a resource for their employees, consumers, and other key stakeholders. Ensuring that brands take a compassionate approach to advertising will ultimately lead to long-term consumer trust, satisfaction, and loyalty.