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COURSE: CONSUMER BEHAVIOUR

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ASSIGNMENT QUESTION: in not less 2000words, explain explicitly how the Pandemic (COVID 19) has affected consumer buying behavior.

Consumer behavior is the study of individuals, groups, or organizations and all the activities associated with the purchase, use and disposal of goods and services, including the consumer's emotional, mental and behavioral responses that precede or follow these activities.  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, the challenges facing the world right now are shaking up global economies, pushing healthcare systems to their limits, and upheaving people’s daily lives. More than [one-third](https://www.businessinsider.com/more-people-under-lockdown-than-alive-during-world-war-ii-2020-3?r=US&IR=T) of the world’s population is under some form of lockdown. To put it simply: there isn’t a business, government, or person that hasn’t felt the effects of coronavirus, even to some degree. And this situation has a noticeable Impact on how people purchase. Many of us are now familiar with the sight of empty supermarket shelves, devoid of the essentials we usually buy. Fear has undoubtedly taken over consumer’s usual shopping behaviors. Pasta, toilet rolls, hand sanitizer, and other long-life foods are just some of the products that consumers have been loading up on in recent weeks.

 Many retailers say they don’t have [enough](https://www.bbc.co.uk/news/business-51737030) food supplies, but they are struggling to get items into stores as fast as consumers are purchasing them. This has left many supermarkets in the UK, such as Tesco and Waitrose, with no option but to [limit](https://www.independent.co.uk/news/uk/home-news/uk-supermarkets-coronavirus-stockpiling-rationing-tesco-waitrose-toilet-roll-hand-sanitiser-a9385391.html) the amount of items a person can purchase. And the UK government is urging consumers to [shop responsibly](https://metro.co.uk/2020/03/15/supermarkets-beg-shoppers-stop-coronavirus-panic-buying-12400000/) and to be considerate of others. Many UK retailers have also implemented dedicated shopping hours for elderly, vulnerable groups, and NHS medical staff to allow them to get the items they need. Cities across the country continue to implement greater restrictions in order to flatten the curve and control the spread of the virus. These new protocols now include shelter in place orders, restaurant and non-essential store closures, and retailers adjusting their hours to allow for restocking as well as trying to accommodate more at-risk members of the community. 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, Nielsenconducted shopper 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. We also learned that all consumers, even in that first week, had already begun to change how they worked, shopped, ate, played and traveled.

Those changes in behavior were more or less aligned with the consumer’s level of concern over their perceived risk of contracting the virus, and those changes were more or less done of their own volition.

More consumers did more of their shopping online. We observed a dearth of shopping of any kind among those with incomes of less than $50,000, particularly in physical stores. Seventy percent of these lower-income individuals also expressed the highest levels of concern over contracting the virus, so not spending money seemed to be key. More affluent consumers seem focused on avoiding public spaces, while going online to buy what they needed and wanted. Consumers also reported eating at home more than they did before reports of the outbreak in the U.S., and were using [meal delivery services](https://www.pymnts.com/tag/online-food-delivery/), aggregators and mobile order-ahead services less often.

Consumers voluntarily put themselves under partial quarantine by working from home and by commuting via car rather than using public transit if they were going to work. They also made decisions to cancel work-related gatherings and leisurely plans of all sorts, from attending sports events and concerts to watching films in theaters before the sports franchisees decided to take unprecedented measures and do that for them. Consumers across the board had also begun to change how they shopped. Thirty percent of consumers reported going to physical stores less, and 19 percent reported that they shopped online and via mobile devices much more. There was an interesting paradox with respect to their grocery store behaviors: More consumers reported a decline in [curbside pickup](https://www.pymnts.com/tag/curbside-pickup/) (19 percent) than those who reported an increase (16 percent). Only 5 percent of all consumers reported going to the grocery store more often that week a decision that many likely lived to regret when they found themselves standing in five-hour lines at those stores the following week. Fear is a powerful motivator of human behavior, and the human brain is hard-wired to avoid loss. Social scientists who study human decision-making have consistently observed that people typically place a higher value on the things they have and could lose, than on the things they don’t have but could get .We’re seeing this phenomenon, which scientists and behavioral economists call loss aversion, play out in real time as the [COVID-19](https://www.pymnts.com/news/retail/2020/covid-19-buying-frenzy-health-workers-supplies/) contagion accelerates globally, and is now front and center in every single state in the U.S. for each of the 331 million people living here. Consumers will go to extraordinary measures to avoid losing what they have. And they must be absolutely convinced that there’s no downside to doing anything that could put them or their families at risk. With the exception of going to work, the behaviors of the nearly half of all consumers (48 percent) who reported being slightly or somewhat concerned about their risks of contracting the virus more or less tracked with those across the entire sample of consumers that first week. But that was week one, and any decisions to modify their behaviors were theirs to make in an environment that tried quite hard to remain business as usual. While the world is reeling from the effects of the Coronavirus pandemic, user behavior is being forced to change and shoppers are increasingly moving online. Ecommerce sites are in a position to be able to capitalize 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. The coronavirus is triggering a massive change in the way movies are released, which could have a lasting effect on how people consume Hollywood entertainment. In the face of movie theater closings this week, multiple studios said that they’ll be making their first-run films available for home release, including “Trolls World Tour,” “The Hunt” and “Emma,” all of which will be available to watch on demand the same day they’re scheduled for theatrical release.

The widespread outbreak of coronavirus, which causes the disease COVID-19, is now a global pandemic. Here at Criteo, we’ve been analyzing our data from the past several weeks to understand how retail is affected as the virus spreads. Our data includes insights drawn from across 80+ countries and two billion active monthly shoppers spending around $900 billion annually across approximately 20,000 ecommerce sites.From that massive data set, we’re able to see trends happening globally as well as across regions like Asia-Pacific, Europe, and the Americas. Amid all the uncertainty and calls for social distancing, some industries will be affected more than others. Restaurants and bars are particularly vulnerable, as well as event spaces and retail stores. At the same time, consumers are shifting their spending habits and some companies and product categories are actually growing.

While circumstances continue to evolve each day, according to Criteo research, more than half (52%) of Americans say they will shop online more in the next two weeks as a result of COVID-19, and 51% say they’ll buy more groceries online.

### Example like the Grocery sales are going up.

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. And it makes sense: 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.

No surprise that Sales of facemasks and household cleaning supplies, 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. 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. 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%.[5](https://www.nielsen.com/us/en/insights/article/2020/staying-put-consumers-forced-indoors-during-crisis-spend-more-time-on-media/) Video games and video-game internet traffic have seen a 75% increase since restrictions were imposed in the US.[6](https://www.economist.com/prospero/2020/03/19/the-rise-and-rise-of-video-games) 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 behavior 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 behavior 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.

As many people opt to remain in their homes, delivery services like Amazon, UberEats, and Door Dash are likely to see increases in demand due to their ability to provide products and services directly to the consumer’s door. With the economic downturn, consumer behavior is likely to change drastically. For those without significant disposable income, those planning for or are in retirement, and for small business owners, an economic downturn might result in a sharp decline in their propensity to spend. While consumers could take a “wait and see” approach, advertisers should consider their target audience and how their buying habits may change as a result of the current economic climate. Marketers should continue to look at their performance data and quickly adjust campaigns as needed.

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