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Assignment

In not less than 2000 words, explain explicitly how the pandemic (COVID 19) has affected consumer buying behavior

Consumer behaviour is the study of how individual customers, groups or organizations select, buy, use, and dispose ideas, goods, and services to satisfy their needs and wants. It refers to the actions of the consumers in the marketplace and the underlying motives for those actions.Marketers expect that by understanding what causes the consumers to buy particular goods and services, they will be able to determine—which products are needed in the marketplace, which are obsolete, and how best to present the goods to the consumers.

With 1.39 million coronavirus cases and 79,382 deaths globally, the world continues to battle the COVID-19 pandemic. Even before the outbreak, the outlook for the world economy—and especially developing countries like Nigeria—was fragile, as global GDP growth was estimated to be only 2.5 percent in 2020. While many developing countries have recorded relatively fewer cases—Nigeria currently has 238 confirmed cases and 5 deaths as of this writing—the weak capacity of health care systems in these countries is likely to exacerbate the pandemic and its impact on their economies. The pandemic has affected the consumer buying behaviour in so many ways. Before the pandemic, the Nigerian government had been grappling with weak recovery from the 2014 oil price shock, with GDP growth tapering around 2.3 percent in 2019. In February, the IMF revised the 2020 GDP growth rate from 2.5 percent to 2 percent, as a result of relatively low oil prices and limited fiscal space. Relatedly, the country’s debt profile has been a source of concern for policymakers and development practitioners as the most recent estimate puts the debt service-to-revenue ratio at 60 percent, which is likely to worsen amid the steep decline in revenue associated with falling oil prices. These constraining factors will aggravate the economic impact of the COVID-19 outbreak and make it more difficult for the government to weather the crisis. **Aggregate demand will fall, but government expenditure will rise ;**In Nigeria, efforts were already being made to bolster aggregate demand through increased government spending and tax cuts for businesses. The public budget increased from 8.83 trillion naira ($24.53 billion) in 2019 to 10.59 trillion naira ($29.42 billion) in 2020, representing 11 percent of the national GDP, while small businesses have been exempted from company income tax, and the tax rate for medium-sized businesses has been revised downwards from 30 to 20 percent. Unfortunately, the COVID-19 crisis is causing all components of aggregate demand, except for government purchases, to fall. **The fall in household consumption in Nigeria** will stem from 1) partial (or full) restrictions on movement, thus causing consumers to spend primarily on essential goods and services; 2) low expectations of future income, particularly by workers in the gig economy that are engaged on a short-term/contract basis, as well as the working poor in the informal economy; and 3) the erosion of wealth and expected wealth as a result of the decline in assets such as stocks and home equity. The federal government has imposed a lockdown in Lagos and Ogun states as well as Abuja (which have the highest number of coronavirus cases combined). Subnational governments have quickly followed suit by imposing lockdowns in their states. Nigeria has a burgeoning gig economy as well as a large informal sector, which contributes 65 percent of its economic output. Movement restrictions have not only reduced the consumption of nonessential commodities in general, but have affected the income- generating capacity of these groups, thus reducing their consumption expenditure.

**Investments by firms will be impeded** largely due to the uncertainties that come with the pandemic-limited knowledge about the duration of the outbreak, the effectiveness of policy measures, and the reaction of economic agents to these measures—as well as negative investor sentiments, which are causing turbulence in capital markets around the world. Indeed, the crisis has led to a massive decline in stock prices, as the Nigerian Stock Exchange records its worst performance since the 2008 financial crisis, which has eroded the wealth of investors. Taking into consideration the uncertainty that is associated with the pandemic and the negative profit outlook on possible investment projects, firms are likely to hold off on long-term investment decisions. On **the other hand, government purchases will increase as government**s, which typically can afford to run budget deficits, utilize fiscal stimulus measures to counteract the fall in consumer spending. However, for governments that are commodity dependent, the fall in the global demand for commodities stemming from the pandemic will significantly increase their fiscal deficits. In Nigeria’s case, the price of Brent crude was just over $26 a barrel on April 2, whereas Nigeria’s budget assumes a price of $57 per barrel and would still have run on a 2.18 trillion naira ($6.05 billion) deficit. Similarly, with oil accounting for 90 percent of Nigeria’s exports, the decline in the demand for oil and oil prices will adversely affect the volume and value of net exports. Indeed, the steep decline in oil prices associated with the pandemic has necessitated that the Nigerian government cut planned expenditure. In fact, on March 18, the minister of finance announced a 1.5 trillion naira ($4.17 billion) cut in nonessential capital spending. The restrictions on movement of people and border closures foreshadow **a decline in exports**. Already, countries around the world have closed their borders to nonessential traffic, and global supply chains for exports have been disrupted. Although the exports of countries that devalue their currency due to the fall in the price of commodities (like Nigeria), will become more affordable, the limited markets for nonessential goods and services nullifies the envisaged positive effect on net exports.

**The clearest and most immediate business impact of the coronavirus pandemic has been a major disruption to supply chains.** Having originated in China, the region was hit hard as a large number of citizens contracted the disease and many were forced into quarantine. This led to partial and full shutdowns of plants and factories, some of which were being used by prominent technology companies to manufacture their goods and products. For example, Apple experienced shortages on its iPhone supply as a result of the company's primary manufacturer, Foxconn, shutting down much of its production in China. Ultimately for Apple, this will lead to a significantly reduced forecast in iPhone shipments through Q1—by as much as 10%, according to estimates by Apple analyst Ming-Chi Kuo cited by MacRumors. And while companies often have contingency plans, which revolve around ramping up production in a region that isn't impacted, the rapid spread of the coronavirus across the globe makes it very difficult to pinpoint which regions would be least affected. Even then, the momentum and resources of the Chinese economy will not be easily replicated—"Made in China" initiatives have seen the government invest billions in advanced manufacturing sectors, including telecommunications equipment and semiconductors.

The spread of the coronavirus has caused several of the most important tech conferences to be canceled, likely resulting in numerous missed partnership opportunities. Most notably, Mobile World Congress (MWC), which was set to take place February 24-27 in Barcelona, was canceled due to concerns over the virus. MWC is a cornerstone event in the connectivity industry, as it brings together the most important companies in the space to network, share innovations and forge new business partnerships. Several companies rescheduled the events they had planned for MWC, but the continued presence of the coronavirus led others to cancel them entirely. Beyond MWC, Facebook canceled its F8 developer conference and Global Marketing Summit; Google shifted its Google Cloud Next event to online only; and IBM likewise had to livestream its developer's conference, which last year hosted over 30,000 attendees. Altogether, the cancellation of major tech events has incurred over $1 billion in direct economic losses, according to estimates from PredictHQ cited by Recode.

Online alternatives have helped limit the fallout from canceled conferences, but tech industries will likely still suffer a period of stifled innovation due to forgone in-person business opportunities. Conference attendees do not have the same opportunities to network via live streaming as they do attending in-person events. It would be harder for marketers to casually share best practices over the live streamed Facebook Global Marketing Summit, for instance, than it would be if the event actually took place. Though it is difficult to quantify the value of these chance encounters or informal network sessions, the effects will undoubtedly be felt throughout.

**The growing need for remote interactions amid the coronavirus pandemic has highlighted a need for 5G technology, potentially accelerating adoption in the long term**. 5G's lightning-fast speeds, near-instantaneous communications and increased connection density make it primed for remote interactions, which has become top of mind for many organizations and enterprises as caution mounts over the spread of the virus. Two key areas—telehealth and teleconferencing—are becoming critical for enterprise operations amid the pandemic, and we think that increased dependence on these areas will help strengthen the appeal of 5G:

Telehealth: The technical superiority of the new standard empowers physicians to diagnose, treat and operate on patients without the need to be physically near them. We've already seen such use cases for 5G to combat coronavirus in China: In January, telecoms ZTE and China Telecom designed a 5G-powered system that enables remote consultations and diagnoses of the virus by connecting physicians at West China Hospital to 27 hospitals treating infected patients. Given the ability of 5G to expand the reach of expertise and services offered by hospitals in this time of increased need, we expect more hospitals will look to tap into 5G to take advantage of the benefits offered by the new standard.

Teleconferencing: Many employers have increased their reliance on enterprise teleconferencing tools—such as Microsoft Teams, Google Hangouts and Zoom—as their employees switch to remote work due to public health concerns. We expect that employers' dependence on such tools during the coronavirus pandemic will strengthen the case for 5G connectivity in the home—and in the office as enterprises recognize the value that teleconferencing tools offer. That's because a 5G connection will be able to provide real-time and uninterrupted communication that's not possible with most wired connections today.

**Cashless payment adoption and usage could tick up worldwid**e. In response to the outbreak, the World Health Organization (WHO) is recommending that consumers pay contactlessly rather than with cash, if possible, as a means of limiting the virus' spread through microorganisms on cash. Some countries are taking this a step further: South Korea, for example, is quarantining all cash received at the central bank for two weeks before disinfecting it and putting it back into circulation, and China is undertaking similar efforts. Measures to restrict cash, combined with mounting concern that might push consumers to heed the WHO's advice, could boost noncash payments, which we already expect to grow at a 10.5% CAGR from 2019 to 2024—particularly if similar measures are implemented in markets with heavier cash usage than in China and South Korea. This type of increased usage could speed up the adoption curve for these payments by attracting customers who would have otherwise continued using cash.

. Ecommerce is likely to grow as consumers eschew physical stores and crowded gathering places—but this could create logistical challenges. Over a quarter (28%) of US internet users are already avoiding public areas or travel, and 58% plan to if the situation worsens—and it already has since this survey was conducted—per Coresight Research data. This avoidance is trickling down into shopping: Three-quarters (74.6%) of US internet users said they'd be likely to avoid shopping centers and malls if the coronavirus outbreak in the country worsens, and over half would avoid shops in general. A decline in brick-and-mortar retail, which comprises over 85% of US retail sales, could shift day-to-day shopping to digital channels, like Amazon or other e-tailers, and boost sales—effects already seen by providers like RedMart in Singapore, per CNBC. Further, it could bolster use of omnichannel commerce, like buy online, pick up in-store (BOPUS), for customers who want to shop in-store but avoid crowds. Such a surge in demand for e-tail could overwhelm logistics providers and workers, which might require ecommerce companies to revisit their strategies for order fulfillment and delivery, including potentially slowing down fast-shipping strategies, in order to keep up with surging demand and keep workers safe.

In conclusion, the pandemic has caused a great deal of reduction in the consumer buying behavior in the sense that it has affected the Nigerian market both international and globally. Whatever has disadvantage has its advantages too, the pandemic has increased the communication in various families and so on.