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COURSE; CONSUMER BEHAVIOUR

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ANSWERS

Firstly consumer behaviour can be seen as the study of how individual’s customers, groups or organisations 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 market place and underlying motives for those actions.

The sudden occurrence of the dangerous disease COVID19 which us now known as or being referred to as a worldwide disease. Countries that have been really affected by the dangerous disease, has made individuals to stock up food and other items because of the curfew, and also keeping social distance in order to stop the spreading of the virus. As regarding the growth of this dangerous disease impact on consumer behaviour begin to slow or stabilize in many regards. With majority of countries that now stay at home which set to continue through the month of April consumers are therefore settling into temporary normal that includes regular trips or online orders to replenish necessities and little less, although most non essential business have closed their doors ,consumers are still holding tight to some familiar behaviours , including eating out through restaurant traffic is down significantly , the majority of consumers are still making out occasionally take out or delivery orders to supplement their in home eating behaviour.

In order to make sure of the social distance Neilson carried out a consumer behavioural search that started in China where the disease started from and extended to other parts of the country which are also affected by this popular virus, As the consumer trends were monitored, where the popular virus reached the public,

It was found that consumers go through six behavioural stages based on their on their awareness of the virus spread in their communities;

1) Reactive health management; this prioritized of products for infection containment.

2) Panty preparation; the higher the purchase of shelf safe products and increased store visits

3) Living anew normal; increased health awareness even as people return to their typical daily activities

4) Quarantine living preparations; because of the quarantine which brought curfew it has increased online shopping, hereby making individuals go out less.

5) Living new normal; this has made people care more about their health even as the pandemic is over.

6) proactive health minding buying; the interest in acquisition of buying health minding products that will maintain well being or health is increased.

The consequence of this virus happen to affect consumer buying greatly which can be positive, negative , economical change or affect the ways of the manufacturer , retailer, wholesaler ,etc.

Positive ways in ways in which the virus affects consumer buying;

1) rate of interest in online buying and selling has increased; cause of this deadly virus people tend to see the need to buy and sell online in order to avoid catching or coming in contact with anyone who has the virus. As we can see for example, Alibaba reported that in china online grocery orders placed by people in 1960s have increased rapidly due to this deadly virus.

2) digital streaming; due to this deadly virus people tend to focus on protecting and feeding themselves, this virus causing a worldwide lockdown which make people at home and abstain them from their day to day running of activities and also abstaining them from social and entertaining activities which give them no choice that t run to digital streaming services like Netflix, Amazon, Disney etc.

3) interest in entertainment and media; the interest in entertainment and media increases rapidly during this period of lockdown cause people are bored which make them actively participant on social media apps like instagram, snapchat , whatsapp and also indulge in playing video games more than normal just to relieve them of boredom.

As affecting the manufacturers;

Relying on manufacturers;

In the cause of this virus most countries move from restrictions to restricted movement. This has challenged many suppliers to turn directly to the consumers, these manufacturers thereby start thinking of a way to directly sell to consumers hereby disrupting the normal chain of distribution, these manufacturers have seen a way to make more sales cause of this virus.

Manufacturers have positively gained and also impacted in this period of the virus whereby the normal chain of distribution is affected cause the consumers are focused on their movement restriction thereby must be active and maintain their ecommerce growth when the lockdown is o ver.

In the economic point of view or somewhat negative;

Sales of face masks and housekeeping facilities; face masks are used to help reduce the spread / contacting this deadly virus. In Italy the preparation to tale good care of individuals in their virus houses before full lockdown was enforced in the country. Sales of medical equipment spiked 286percent, in nearly march France had already started their enforcement of full lockdown noticed that sales of medical equipment and food products in early march drastically rose by nearly 600 percent.

Low demand for luxurious goods; due to this virus some products and services increase, in other cases restaurants bars airplanes and other fun business risks great loss as a result of this virus vogue business projects gain a great loss as $10 billion for the industry in 2020 due t this deadly virus, this is because luxury goods rely on Asian market purchasing power where the pandemic has been affecting customers since January. Because of the breakout of this deadly disease consumers have said no to getting on planes especially if those trips were to newyork or any international destiantinations for work or pleasure . the same held true for booking vacations rentals and Band Bs and using public transportation , and to a lesser degree for getting into ubers in part because they didn’t need to part because they didn’t want to .

And what would consumers the confidence to get back on an airplane , check back into a hotel or use public transportation rate, it’s not hearing that there has been reduction in infection rate nor CDC telling consumers that’s its safe to travel, and especially not media telling us that things are good to go. In fact 67 percent of consumers surveyed that week said that they felt media was making the virus seem worse than it actually was, it’s not even offering discount of 50 percent for airfares or hotel rates even though discounts of more than would get 9 percent of consumers to book a trip . heres what consumers said would boost their confidence knowing that a vaccine is available in the united states of America to protect them from contracting the virus in the first place something that is 12 to 18 months away, according to most medical experts.

Fashion and apparel; fashion and apparel has gone low in sight and need of customers, sellers are experiencing greater loos they are closing down the retail arms of their business people are thereby not interested in buying clothes clothes from one individual department stores like Macys new look marks and spencers are closing and experiencing great loss online stores like asos are hauling to protect their workers and supply chain. Research have shown that that there is an overall decrease in sales month over month hereby consumer demand has reduced in area of fashion and apparel this virus has affect consumer buying some in the benefit of them while others not their favour( manufactures and producers ).

Home furnishing products stay high; in normal day/ times home furniture’s have always been high, consumers demand for the purchase of home furniture’s increase as offices close and workers are mandated to work from their various homes, so the decide to go for the best quality furniture in order to feel comfortable while working from their various houses. In the United Kingdom the sales of home improvement home decors home furniture e.g. lamps rugs etc have drastically increased13th percent in nearly march and still up by 8 percent last week compared to January 2019.

Sales of medical supplies and health keeping facilities increase; people who have faced empty shelves or have seen prices growing online knows the demand of health and safety products have increased drastically and are being sold faster than they are produced or even replaced or restocked.

Change in sale of groceries; because of this lockdown the rate at consumers buy goods have changed, in order to avoid crowd which is also known as a way the virus can spread faster individuals are advised to buy online and go to the store for pick up, queue up before the enter a particular place in order to avoid the crowd or are given various delivery options to pick from delivery apps have drastically increased between 124 percent for shipt and 218 for instacart cause of this virus. In recent weeks 89 percent consumers said that their shopping behaviour has been changed or rather determined by this deadly virus, only marginal than higher than last week 88 percent this numbers are expected to stay /be consistent until the lockdown is over. Impact Gens Zers declined slightly versus last week, but all other generations showed higher levels of impact, older consumers most significantly.

Its impact in marketing; this virus affects marketing the most as buyers and sellers can’t go out to buy and sell products cause of the lockdown, this will thereby make buyers and sellers to adapt to the situation and find other means of marketing, thereby using the social media and internet to continue business as though marketing continues demands have falling drastically cause it’s not everyone that uses the internet or that are on social media to continue marketing especially on the side if the sellers (illiterates tech wise). As we are faced with this challenging period advertising will become strict so as to ensure positive light is being promoted, ensuring that brands take compassionate approach to advertising will ultimately lead to long term consumer trust, satisfaction, and loyalty.

As affecting the retailers;

1) Managing demand fluctuations; in red zone markets where the virus is spreading virtually every retail outlet except grocery stores and pharmacies has shut their doors. Even these markets nit under quarantine orders have seen a precarious drop off in physical football retail outlets and, malls. Yet while some retailers are seeing demand fall away and customers shift channel, others are facing unprecedented spikes in demand. Grocery retailers in particular are dealing with significant out of stock situations on many key products as consumers Hoover up supplies perceived to be essential. The ability to predict and manage demand has never been more important.

2) Talking to consumers; retailers should also be thinking about the impact these massive changes will have on the customer and the customer relationship, how will one maintain trust in your brand and your products and services? How will you reset expectations for today? And how will you recover the customer experience in the future? In this environment, shoring up the customer relationship is just as important as shoring up the bottom line.

3) thinking about the longer term challenges; while grocery retailers are trying to manage significant supply challenges due to consumer panic buying and resulting stock outs, most non-food retailers are nt yet feeling the full impact of supply disruptions , drops demand coupled with long lead times and inventory warehousing means that short term supply is generally not a problem. But as the situation evolves, we expect to see significant variations in he magnitude and timing of supply chain disruptions across geographies and subsectors. To assess their risks, identify any indirect exposure and create contingency plans.

4) Protecting the people; the deadly virus has already led to a number of workplace shutdown and quarantines. Retailers must have a plan that ensures the safety of the employees while also trying to maintain business as usual activities. Beyond simply creating a crises communication plan, retailers should be thinking about how they’ll manage their workforce under various different scenarios.

Chinas experience shows how innovative companies might address these challenges; during the height of the outbreak there, grocery operators temporarily hired thousands of restaurants employees who were idle due to restaurant closure to hep meet spikes in demand. Other companies have been moving employees around the organization to fill gaps and relieve overworked department.

5) Shoring of cash receives; retailers particularly with physical footprints are thinking their current cash positions and trying to assess how they’ll continue to pay their bills should the downturn in demand continue for a prolonged period of time. In particular, retailers should be taking a close look at their current and predicted liquidity profile and assessing any changes in their working capital dynamics or short term cash forecast.

Given the industry’s high dependency on cash to pay for stock, real estate and importantly staff many retailers are now also talking with policy makers to see how they can influence and take advantage of any hardship funds, rental renegotiations and rate holidays. Many retailers are also now reviewing their overall financial stability under a variety of different scenarios and, if required, engaging with lenders to refinance loans or amend financial covenants that may be impacted.

REFERENCE

Home.kpmg