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**EFFECTS OF THE CORONAVIRUS ON CONSUMER BUYING BEHAVIOUR**

The challenges facing the world right now are shaking up global economies, pushing healthcare systems to their limits, and upheaving people’s daily lives Currently, more than one-third of the world’s population is under some form of lockdown. To put it simply: there isn’t a business, government, or person that has not felt the effects of coronavirus, even to some degree. One very noticeable impact of the outbreak is its influence on how and what people purchase. This is having a knock-on effect on various industries and key groups. There is no doubt that the crisis caused by the global Coronavirus (COVID-19) pandemic has created an incredibly difficult business climate. Businesses are being presented with many new challenges as international borders close, bricks-and-mortar businesses shut their doors, and people are told to isolate at home. Many companies face temporary or even permanent closures, with staff facing months of financial uncertainty and worry.

Consumer behaviour has been forced to immediately change, and change on a massive scale. Those in isolation or under lockdown can’t perform their usual routines, especially since many local shops have been forced to close their doors for safety reasons. Concerns about the availability of goods and services have encouraged panic buying of items in bulk. Financial uncertainty and the prospect of a severe and long-term recession make for a stark backdrop which has led to an impact on consumer outlook, perceptions and behaviours.

For the businesses that remain active at this time, questions are inevitably being asked about how best to cope with the prevailing trading conditions, and how best their strategies should adapt. This is a difficult question to answer since the Coronavirus pandemic is so new that the circumstances are changing fluidly and on a daily basis. Defining a strategy now is difficult as there is limited evidence or precedent to base assumptions on.

Initial indications about what might happen to businesses and the economy could be gauged by looking at the data from the countries which first suffered from the effects of COVID-19. While there’s no guarantee that others will follow the same trajectory, analysis of these countries can reveal useful patterns and insights.

**COVID-19 IS ALREADY IMPACTING CONSUMER BEHAVIOUR:**

Online, the world is changing just as fast as offline. In early March 2020 The Drum reported on research that shows that, while annual advertising growth rates in China are predicted to fall from 7% growth in 2020 to 3.9%, ecommerce advertising spend is predicted to grow by 17.7% and social media spending to rise by 22.2%.

This seems to reflect the changes in consumer behaviour as they switch from buying offline to buying online. They also show that as people are spending more time at home, brands have responded by shifting spend from offline media to online, with 14% reporting this course of action.

In the same piece of research, they go on to state that “e-commerce as a platform has already seen exponential growth, especially in FMCG which saw spending through e-commerce channels in China grow almost seven times as fast as the sector overall in 2019; a trend that the coronavirus outbreak is likely to accelerate.”

The same picture is painted in research published by Business Insider Intelligence and eMarketer analysts in March 2020, which suggests that ecommerce is likely to grow as consumers avoid physical stores. Their data suggests that 74.6% of US internet users said they’d be likely to avoid shopping centres and malls if the coronavirus outbreak in the country worsens, and over half would avoid shops in general.

A new study from Ipsos MORI from mid-March 2020 reveals that 50% of Chinese and 31% of Italian consumers say they’re now using ecommerce ‘more frequently’. In contrast, only 18% of UK respondents said that they were using online stores more frequently, with close to half reporting there was ‘no change’ in their ecommerce habits. However, now that the UK is in lockdown these statistics are likely to change dramatically, probably trending towards the figures seen in other countries with more advanced COVID-19 issues.

While the types of goods people need might change due to their circumstances, the need to purchase these somewhere will remain, and we will likely see a general switch to online shopping.

**E-COMMERCE CHALLENGES**

In theory, online stores of all sizes stand to benefit from the switch of consumer behaviour to online shopping since they are already well-positioned to serve the increasing demand for goods and services.

However, there are challenges. Ecommerce is not a magic bullet in itself, and MorningStar magazine cites issues with adoption (especially amongst lower-income consumers) as a dampening effect against any uplift in sales. There are also issues with the supply-chain and product delivery, with companies already starting to be clever about resolving them through creativity and innovation.

Perhaps an even more limiting factor for businesses will be the level of readiness of their ecommerce offering. If their online platform is not capable of offering a competitive user experience, the chances are it will fail to entice, impress or retain customers.

Ensuring that your ecommerce site or app is optimized and ready will be important in the success of your online business platform,, and how competitive you can be in an increasingly competitive landscape or business environment.

There has also been a notable Increase in the sales of facial masks, gloves, cleaning supplies etc. This could serve as a wake up call for companies who manufacture these products , It could be seen as a means of exploiting the market in order to rack up a huge amount of revenue over this period in which the virus is causing a global pandemic.

**IMPROVING ECOMMERCE SITES AND AVAILABILITY IN ORDER TO BEST COMPETITION**

As the Coronavirus 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% 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.

**PURCHASING TRENDS ARE CHANGING**

Fifty-four percent of consumers are no longer considering the purchase of big-ticket items (homes, cars, trips, luxury goods) over the next three months. Instead, consumers are focusing on acquiring essential goods such as groceries, personal care items, cleaning supplies, medicine etc and in some cases, electronic mediums of entertainment which could serve as a distraction.

Where consumers are buying their products has also changed. Over the last two weeks, consumers are beginning to fear crowding and lack of inventory, and said they are shopping less at wholesale and big box retailers (at a decrease rate of 33 percent and 35 percent, respectively). Meanwhile, despite concerns about deliverability of packages, online shopping has increased 31 percent in the past two weeks; visits to local grocery stores have increased 28 percent.

**FAST FOOD BUSINESSES ARE THRIVING**

Interestingly, 38 percent of consumers said that they’ve been visiting quick service restaurants more in the past week, possibly as an alternative to sit-down restaurants. Consumers have also resorted to ordering from said fast food businesses online and having them delivered to their houses to reduce the risk of being in crowded spaces due to the fear of contacting the virus currently on rampage.

**SALES OF MEDICAL SUPPLIES ARE SOARING:**

Countries which are being heavily affected by the virus have their citizens and inhabitants prepared for the worst. Countries with the highest death tolls are spending a huge amount of money on medical supplies and state of the art equipment in order to reduce the number of affected citizens and also to ensure full recovery of already infected citizens. 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.

**CONSUMERS ARE MORE SOCIALLY AWARE**

You only had to look on the internet to realise how much of a collectivist community we are and how this outbreak banded everyone together. Consumers are hyperaware of the place of origin of their products, the production process and are even increasingly inquisitive about how companies treat their employees. We anticipate a rise in demand for socially and environmentally conscious brands, products & services. It is a perfect opportunity to forge and reinforce brand values within the realms of any corporate responsibility policies as well as prioritising those products within your product portfolio.

Situations like this test a company’s ability and agility to react. Advertisers who see this as an opportunity to help, to provide utility and to solve consumer problems rather will be able to curb the slump and come out the otherside stronger than before. Taking a more empathetic view can reveal opportunities and silver linings for communities, organisations and brands alike.

**RETAILERS WILL MOVE FROM ON-DEMAND BUYING**

A surge in consumer demand isn’t the only reason shoppers are seeing so many empty shelves in the toilet paper and disinfectant aisles. Retailers, like millennial shoppers, have also grown accustomed to getting inventory they need on demand from manufacturers.

Retailers have moved to keeping far less inventory in stock, and manufacturers, who also are afraid of ending up with too much excess inventory on hand, are producing goods on more of an as-needed schedule.

**INCREASE IN INDULGENCE OF CONSUMERS IN RECREATIONAL ACTIVITIES**

When people look for things to do outside of their home, they’re now looking for exercise more often than before.

Activities that keep people far apart from each other are on the rise, such as:

* Fitness & Exercise Equipment (up 162%)
* Hiking (up 135%)
* Mountain biking (up 119%)
* Lakes (up 86%)
* Parks (up 62%)
* Videos & Video Game Rental (up 41%).

(this being general information accumulated worldwide).

Looking Ahead,

Countries across the globe 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. In light of these updates and developments, we expect to see ongoing changes in consumer behavior both online and in stores.

Lastly,

While the world is reeling from the effects of the Coronavirus 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.