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**COURSE TITLE: CONSUMER BEHAVIOR II**

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**ASSIGNMENT:** In not less than 2000 words, Explain explicitly how the Pandemic COVID-19 has affected consumer buying behavior.

The modern marketing concept is that marketing revolves around the consumer, and marketers must search and understand the totality of the consumer in his interaction with product and services. A quick capitalization of the consumers buying behavior leads the marketer to advice the manufacturer on the type of products/ services to produce that will satisfy the consumers. The consumer has the power to make the marketer fail or succeed because he has the purchasing power to buy or not buy.

**Who is a consumer?**

A consumer is a private person, or a corporate body of any organization, nation who as an end user buys a product from a seller, or uses goods and services bought through an agent. The consumer is one who sees a product, has the cash and willingness to buy and consume the product. The consumer may be seen by marketers as a consumer if he buys a product for consumption or use without selling it. It is very difficult for the marketer to automatically discover who a consumer is until a deal is closed or cash bell rings, or the buyer discloses his personality at the point of buying.

**What is consumer behavior?**

Consumer behavior focuses on consumer’s related activities of the individual as he goes along in his buying interactions and exchange. It investigates the reasons he chooses to buy a product or service instead of the other similar products, and the forces, factors that influence the selection, purchase, use and disposal of products, goods and services so as to satisfy personal or industrial needs. Consumer behavior can therefore be defined “as the study of how consumers select, purchase, use and dispose of goods and services to satisfy personal needs, household needs or industrial needs”. According to the American Marketing Association (AMA), consumer behavior as the dynamic inter-function of effects and cognition, behavior and the environment by which beings conduct the exchange aspect of their lives. Be it to mean that consumer behavior is also the thoughts and feelings of people’s experience and the action they exhibit, perform during the process of consumption.

Consumer behavior can be broadly classified as the decisions and actions that influenced the purchasing behavior of a consumer. What drives consumers to choose a particular product with respect to others is a question which is often analyzed and studied by marketers. Most of the selection process involved in purchasing is based on emotions and reasoning. The study of consumer behavior not only helps to understand the past but even predict the future. A consumer buying behavior and choice is influenced and driven by many factors that surround him and his immediate environment.

1. **Group influence:**

Group influence is also seen to affect the decisions made by a consumer. The primary influential group consisting of family members, classmates, immediate relatives and the secondary influential group consisting of neighbors and acquaintances are seen have greater influence on the purchasing decisions of a consumer. For instance, the mass liking for fast food over home cooked food or the craze for the SUV’s against small utility vehicle are glaring examples of the same.

1. **Culture:**

Culture can be defined as the set of values, beliefs, ideas, norms and attitudes that holds a certain group of people or society together, and these can be transmitted down to generations. Culture is a big concept in a large society, built within the large society there exists subcultures. A subculture is a similar group within societies that have their own models of behavior defined by ethnically, race, religion, age, region, gender, social class or profession. The subculture groups have their own modes behaviors. Understanding differences among cultures, subcultures can help marketers develop more effective strategies. These strategies could be in designing specialized goods and programs to suit their taste and demands. Subcultures can be found in larger cultures like in America we have Hispanics, the Latinos, the Japanese Americans with their own modes of dressing, lifestyles, eating habits which marketers must understand in order to produce what they need to be satisfied.

1. **Personal preferences:**

At the personal level, consumer behavior is influenced by various shades of likes, dislikes, priorities, morals and values. In certain dynamic industries such as fashion, food and personal care, the personal view and opinion of the consumer pertaining to style and fun can become the dominant influencing factor. Though advertisement can help in influencing these factors to some extent, the personal consumer likes and dislikes exert greater influence on the end purchase made by a consumer.

1. **Economic conditions:**

Consumer spending decisions are known to be greatly influenced by economic situation prevailing in the market. This holds true especially for purchases made of vehicles, houses and other household appliances. A positive economic environment is known to make consumers more confident and willing to indulge in purchases irrespective of their personal financial liabilities.

1. **Family:**

Most of us belong to two families in our lifetime. The first is the one we are born into, the next is the one we later find ourselves into. The family is the first reference group in the society where we all grew from. The family exhibits and teaches us our first buying behavior. They constitute the first primary buying behavior reference. From the family one is first oriented towards things, how to behave, and what to hold on, e.g. in culture, religion, ambition, love and lifestyle. The family is the most important determinants of consumer behavior because of the close and continuing interactions among family members. The family also shows the norms of expected behavior different patterns and status relationships and buying behavior for its members.

**COVID-19**

An outbreak of the Coronavirus (now called COVID-19) in China is causing global concern.it came from a seafood and meat in Wuhan, China in December. It has since spread to other countries. Coronavirus is a virus that is found in animals and, rarely transmitted from animals to humans and then spread from person to person. COVID-19 symptoms range from mild to severe, it takes 2-14 days after exposure for symptoms to develop. Symptoms may include: fever, cough, shortness of breath. Those with weakened immune systems may develop more serious symptoms, like pneumonia or bronchitis. So far, most confirmed cases are in adults, but some children have been infected. There is no evidence that children are at greater risk for getting the virus. The COVID -19 can be spread through contact with certain bodily fluids, such as droplets in a cough. It might also be caused by touching something an infected person has touched and then touching your hand to your mouth, nose or eyes.

 ***How coronavirus can be prevented or avoided:***

Practice social distancing. Avoid people who are sick or meeting in large groups. Stay home if you are sick. Cover your cough with a tissue or cough into your sleeve or elbow. Do not cough into your hands. Wash your hands often with soap and water for at least 20 seconds, especially after going to the bathroom, before eating, and after blowing your nose, coughing, or sneezing. If soap and water are not readily available, use an alcohol- based hand sanitizer with at least 60% alcohol. Always wash hands with soap and water if hands are visibly dirty. Avoid touching your mouth, nose or eyes.

**How COVID-19 is affecting consumer behavior.**

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 or stores, how was this changed our approach in purchasing goods? In countries heavily impacted by COVID-19, consumers are stockpiling food and other essential items, while isolating themselves from crowds. 44% of the 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 two tiers of consumable products, which Britton has deemed the “survival” tier and the “sanity tier’.

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| --- | --- |
| Tier 1 ( survival) products | Tier 2( sanity) products |
| 74% are buying more food and beverages | 24% are buying more alcoholic beverages |
| 50% are buying more personal care items | 22% are buying more entertainment  |
| 47% are buying more household cleaning items | 21% are buying more beauty products |
| 33% are buying more OTC medicine |  15% are buying more Electronics |

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% and 35% respectively). Meanwhile, despite concerns about deliverability of packages, online shopping has increased 31% in the past two weeks; visits to local grocery stores have increased with 28%.

The monitored consumer trends, as COVID-19 news reaching the general public and finding out that consumers go through six(6) behavioral stages 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 wellbeing 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.

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(4) times higher than normal during the Spring Festival or the period were China was 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 at 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.

Between the period of March 1st and March 9th, 2020, consumer attitudes and spending were analyzed. This one week period indicated increased concern over Coronavirus and a jump in consumers stocking up on key items, leading to product shortages in food staples as well as household and cleaning supplies. In the week prior to the March 11th inflection point out initial survey found 33% of consumers indicating they had already changed their purchasing behavior. It has seen that number nearly double to 59% as school closures, travel bans, and the need for social distancing have impacted community’s nationwide, celebrity announcements from Tom Hanks, Rita Wilson, and Idris Elba sharing they have contracted coronavirus have also added to the urgency of the situation and influenced the shopping behavior of the majority of Americans. We are continuing to see shopping behavior upended across the board. Among the 41% of consumers who indicate they have not changed their purchasing behavior, 68% are anticipating a need to adjust as shortages continue to impact product to shift toward shopping online in order to contend with the shortfall.

 Significantly, they is a shift in product mix for shoppers. With shortages in key categories purchased within the last week, and even up to 2-4 weeks ago, fewer consumers are indicating they will purchase these same products in the coming week. This shift might signify consumers are using up/saving stockpiles from their original shopping trips. Are expecting these items to not be available, or are increasingly reluctant to venture out. Younger shoppers are bringing their “try anything “attitudes to preparing for COVID-19. Younger consumers whose shopping has been impacted indicate that they have been more likely to buy products they might not otherwise buy and shop in stores they might not otherwise shop. As these valuable shoppers try new products and stores, it will be crucial for brands and retailers to quickly understand younger shoppers ‘experience with their products if they want to create loyalty over the long-term. Previously, 3 out of 4 consumers surveyed had some level of concern about Coronavirus with 20% very concerned about situation. Common consumer concerns at this time were becoming infected, not being able to go about their normal routines stores selling out of needed products, and having to cancel or postpone upcoming travel/vacation plans.

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 bon 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. 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 the best interest of business to maintain and grow their E-commerce strategy.

As the population of most countries starts to move from quarantine preparations to restricted living, online fulfilment will be challenging due to strains in the supply chain. This has prompted many consumers to turn to Direct to Consumer (D2D) manufactures to order and receive goods within normal timeframe. These direct to consumer, manufacturers are growing segment that caters directly to consumers by bypassing standard distribution channels effectively gaining direct access to consumers. Several of these manufactures have seen a significant boost in sales due to the pandemic. For example, Peach, a brand manufacturer’s high end bath tissue saw new customers increased by 27% over the last two weeks compared to the two weeks prior.

The coronavirus is a reminder, a dramatic one that retailers need to remain nimble for any number of reasons. Seasonal spikes, natural disasters, unforeseen fads, promotions and flash sales all stress retailers ‘inventory management, fulfillment performance and their efforts to avoid lost sales due to fraud and abuse. That reality means retailers need to be able to scale up quickly to handle spikes. Successful merchants have turned to automated systems to improve order flow, inventory insights and fulfillment. The present pandemic as caused a drastic change in the way at which consumers consume goods and it has also affect their present choice of goods.

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