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18/LAW1/119

CONSUMER BEHAVIOR BUS208

IN NOT LESS THAN 2000 WORDS, EXPLAIN EXPLICITLY HOW THE PANDEMIC (COVID 19)HAS AFFECTED CONSUMER BUYING BEHAVIOUR.

The pandemic, Corona virus has affected the whole world especially in consumer buying behaviour. In countries heavily impacted by Covid 19, consumers are stockpiling food and other essential items, while isolating themselves from crowds.

During this pandemic, consumers have a behavioural stage which they follow based on the awareness of the covid 19 spread in their communities. One of them is:

Proactive health-minded buying: increased interest in the acquisition of products that maintain well-being or health

Reactive health management: prioritization of products for infection containment e.g. Face masks

Pantry preparation: higher purchases of shelf-safe products and increased store visits

Quarantined living preparation: increased online shopping, decreased store visits and first signs of strain on the supply chain

Restricted living: possible price gouging due to limited supplies and deterred online fulfilment

Living a new normal: increased health awareness even as people return to their typical daily activities

Consumers are now faced with restricted ways to shop so they adopt newer ways to shop through technology. This is essentially true when it comes to health and essential items. Due to the pandemic, older generations are starting to see online shopping as a valid and safe option to obtain groceries. 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 the population of most countries start to move from quarantine preparations to restricted living, online fulfilment will be challenging due to stains in the supply chain. This has prompted many consumers to return to Direct to consumer (D2C) manufacturers to order and receive goods within a normal timeframe. These d2c manufacturers are a 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 that manufactures high end bath tissues saw new customers increase by 279% over the last two weeks compared to the two weeks prior.

In the U.S., more consumers did more of their shopping online. We observed a dearth of shopping of any kind among those with income of less than $50,000 particularly in physical stores. Seventy percent of these lower income individuals also expressed the highest level of concern over

Contracting the virus, so not spending money seemed to be the key. More affluent consumers seem focused on avoiding public spaces, while going online to buy what they needed and wanted. Not surprisingly, we observed that consumers had already made their own decisions to travel less by plane anywhere , but particularly to new York, the pacific northwest and most international ports of call. For those who continues to travel that week, its interesting to note that more consumers felt more comfortable staying in someone’s home than in large or small places with other people, specifically large name brand hotels. 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, 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 film in theatres even before the sports franchises decided to take unprecedented measures and do that for them. As the covid-19 pandemic continues to spread, customer buying behavior and spending patterns are dramatically changing. Today, customers worldwide are trying to stave off uncertainties by stacking up food and utility supplies. The pandemic has caused a big boost to online grocery shopping, especially the household staples and health-related goods, such as bottled water, hand sanitizer, toilet paper, face masks, and much more. While the fashion and other luxury goods market continues to slide. However, customer buying behavior and spending trends for health-related goods and emergency pantry items differ. To help retailers stay proactive and plan their next moves, the experts at Infiniti Research have outlined the key customer trends observed globally. A survey in March revealed that around 27% of customers had already changed their buying behavior. While the survey conducted this week shows that number nearly doubled to 58% as the government implemented precautionary measures such as store closure and social distancing to prevent the coronavirus spread. Consequently, e-commerce platforms are witnessing dramatic spikes in sales, which is driven by new customers trying online grocery shopping. As such, online brands are compelled to stack their online inventory to maximize profit. Yet another trend observed is that local retailers in the covid-19 affected areas are witnessing an increase in product demand, compelling them to order inventory from their online counterparts. In a way, this is even helping e-commerce businesses to maintain profitability during this period.

Customers doing bulk shopping

The unpredictable nature of the coronavirus outbreak is compelling shoppers to stock-up and buy in bulk. Prior to the coronavirus outbreak, customers were accustomed to getting anything they needed within a day or two. However, the situation is not the same anymore. Major online stores are not accepting new grocery orders for now as they are facing exceptionally high demand for delivery slots. As a result, the trend of placing large orders seems to be on the rise. A recent report from Infiniti Research shows that in the four weeks ending March 22, a record amount on groceries was spent at supermarkets across the world, especially in the European region. Demand for groceries has soared to such a huge amount that e-commerce giants are unable to fulfill customer needs and requirements.

The demand for fresh and exotic food items are declining and there is a rising demand for packaged or canned food products. This is because customers are not willing to take the risks of consuming items that may have travelled long distances and exchanged many hands with little or no way to prove their hygiene quotient. Instead, consumers are increasingly opting for packaged food items which are risk-free. Owing to this changing customer buying behavior, retailers will need to conduct thorough market research and gather data-driven insights to efficiently make their next moves. Also, analyzing customer buying behavior, spending patterns, and usage is a way forward for businesses to gain a competitive advantage in the long run.

Quality and trust take top priority for consumers

As the covid-19 pandemic continues to spread worldwide, customer buying behaviour is moving away from a cost-saving nature. Today, customers are more concerned about the quality and safety of the products. This trend in customer buying behaviour is compelling businesses to communicate their safety measures clearly to customers. This majorly applies for baby care and food companies where customers demand the highest safety. These strategic initiatives can help businesses to build the trust and enhance sales. The coronavirus’ quick spread across the U.S. in the past week has prompted shoppers to begin buying up everything they think they’ll need as over-worked retailers try to keep up. The shopping spree, inspired by plans to hole up at home to shield from the virus, wiped stores clean of everything from rice to disinfectants and everything in between. The mass-purchases of some items, like toilet paper and paper towels, has led some retailers to impose limits on purchases so as to save some for everyone else. While the coronavirus pandemic isn’t completely upsetting brand loyalty, survey results indicate some buying behaviours have shifted. Close to half (48%) of respondents are continuing to purchase the same brands they always do, while 21% are purchasing a mix of their usual brands, as well as new brands. In addition, 13% of respondents are taking the opportunity to discover new brands, while 19% are feeling less brand loyal and purchasing whatever brand is available. The majority of respondents (87%) appreciate brands that go out of their way to deliver relevant and timely information during the coronavirus pandemic. This includes 46% noted they “strongly agree,” with another 41% somewhat agreeing. It’s still too early to tell how much consumer behaviour will change due to the COVID-19 pandemic. We’ll learn more and more about the immediate impact on stores and e-commerce as soon as additional countries move through the different stages and into restrictive living. However, it will be a while until we know if these changes in consumer behaviour will be long term. In the meantime, retailers and D2C manufacturers should strive to maintain higher levels of e-commerce sales to mitigate the impact of store closures. Manufacturers that haven’t yet adopted a D2C approach must carefully follow how all this is unfolding. They must decide now whether to jump in and create D2C channels to lessen the impact of the pandemic on their sales before it’s too late.

Event marketers have suffered heartbreak over the last month. Tighter and tighter regulations coming into play have meant the majority of trade shows have been either voluntarily or legally cancelled. However, with 28% of marketers polled by IEE GlobalSpec reinvesting their trade show budget into digital advertising, not all is lost. In contrast to businesses choosing not to reinvest, an agile, tactical shift in communication channels will keep the opportunity open at the top of the funnel for these businesses to continue connecting with customers and pursuing sales. Marketers choosing to reinvest in digital can make use of our digital marketing strategy guide. All these changes in marketing budgets mean, for marketers who can, now is the time define your digital opportunity, set your strategy and take action to implement your plan. Individuals are now venturing into online marketing to save themselves to promote their products through:

Introduction: Convincing others your need to invest more in digital marketing.

1. How to structure your plan: Using PR Smith's SOSTAC® and RACE planning frameworks.

2. Review situation and performance: Identify priorities to improve by reviewing your current capabilities and results compared to competitors.

3. Define your opportunity: Forecast your goals for leads and sales, set SMART objectives and define digital dashboards to check you are on track.

4. Targeting: Create more customer-centred communications by defining your audience personas and selecting the best techniques and martech to reach them online.

5. Proposition: Improve your lifecycle communications for a more persuasive, compelling brand and define your online value proposition (OVP) and marketing tech.

6. Digital customer acquisition plan: Select your priorities and set the budget for investment in paid, owned and earned media to increase online leads and sales.

7. Digital customer retention plan: Improving customer communications via on-boarding, email marketing and social media.

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. In different counties, the sale of things are going up day by day. Since the top of the year, online transactions in the Fashion & Luxury category—which includes items like designer clothes, watches, jewelry, and handbags—have largely stayed above their 2019 numbers. The growth trend that we saw in January 2020 continues unabated, even in the face of a worsening COVID-19 outbreak in the US. As offices close and employees are encouraged to work from home, many may be outfitting their spaces with items that let them work comfortably and efficiently. In the US, sales of home improvement, gardening, and interior design products—which includes things like office furniture, lamps, and area rugs—were up +13% in early March and still up by +8% last week, compared to January 2019.