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**COURSE TITLE: CONSUMER BEHAVIOUR II**

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

**INTRODUCTION:**

**WHAT IS CONSUMER BEHAVIOUR?**

Consumer Behaviour is the study of individuals, groups, or organizations and all the activities associated with the purchase, use and disposal of goods and services, including the consumer's emotional, mental and behavioural responses. It also refers to the actions of the consumer in the marketplace and the underlying motives for those actions.

According to Engel, Blackwell, Mansard, Consumer Behaviour is the actions and decision processes of people who purchase goods and services for personal consumption.

According to Louden and Bitta, Consumer Behaviour is the decision process and physical activity, which individuals engage in when evaluating, acquiring, using or disposing of goods and services.

**WHAT IS CORONA VIRUS?**

Coronavirus disease (COVID-19) is an infectious disease caused by a newly discovered coronavirus. Most people infected with the COVID-19 virus will experience mild to moderate respiratory illness and recover without requiring special treatment. Older people, and those with underlying medical problems like cardiovascular disease, diabetes, chronic respiratory disease, and cancer are more likely to develop serious illness.

The COVID-19 virus spreads primarily through droplets of saliva or discharge from the nose of an infected person coughs or sneezes, so it's important that one practices respiratory etiquette. At this time, there are no specific vaccines or treatment for COVID-19. However, there are many ongoing clinial trials evaluating potential treatments. WHO will continue to provide updated information as soon as clinical findings become available. The best way to prevent and slow down transmission is be well informed about the COVID-19 virus, the disease it causes and how it spreads. Protection can be done by washing of hands or using an alcohol based sanitizer frequently and not touching of one's face.

**HOW COVID-19 HAS AFFECTED CONSUMER BUYING BEHAVIOUR**

The outbreak of the COVID-19 virus has had a major impact on daily life and consumer behaviour in China where it started and other affected countries. When the epidemic peaked in China at the beginning of March, it led to the lockdown of regions and cities with a total population of 500milllion people quarantined and a concurrent decline in production. Despite the negative social and economic impact, the outbreak quickly led to an adjustment in people's behaviour, from fear to action, coping with the unexpected situation and a shift in daily activities from offline to online. Below are some of the ways COVID-19 has affected consumer behaviour

**1.Telecoms and Technology** : 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.

**2.** 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 impacted industries.

**3.** As the stock market continues to fluctuate, consumers will be wary of investing and flock to savings options. Stock markets have been highly volatile in the past few weeks, largely due to the coronavirus, while many fear a global recession. And the Federal Reserve has already implemented an emergency rate cut—marking the biggest one-time cut in the US since the financial crisis—indicating that the virus is already impacting the economy. Amid such volatility, consumers may be less keen to invest their savings in the stock market, impacting digital wealth managers that conventionally make money by charging customers fees that are a percentage of assets under management. On the flip side, more consumers might seek out savings options for their money, as a less risky way to build their wealth, so platforms like Goldman Sachs' Marcus may see an uptick in demand as a result.

**4.** If consumers reduce their spending, more small and medium-sized businesses (SMBs) might have to turn to loans to bridge the demand gap giving alt lenders an opportunity to boost their businesses. Consumers remaining at home will likely lead to reduced spending at brick-and-mortar shops, which would be especially harmful for SMBs, as 44% of small businesses have not taken any measures to prepare for a potential recession. Additionally, 69% of small businesses in the UK are already experiencing cash flow issues related to the coronavirus, according to data from MarketFinance seen by Business Insider Intelligence. Hence, many businesses might have to seek out external funding sources, like loans, to weather the storm and remain operational. This could boost uptake of services from alt lenders like iwoca and OakNorth that offer quick funding options, such as short-term loans.

**5.** Delivery services across the board might see an onslaught of new customers, but they'll have to work to maintain consumer trust. If consumers continue avoiding public places, they're likely to look for digital services that fulfill everyday needs beyond retail, including delivery of food and on-demand goods, per Marketwatch—which in turn could lead to an increase in business for delivery organizations, including Grubhub, Postmates and DoorDash, as well as for online grocers like Instacart and FreshDirect. China is already seeing an uptick in demand for these offerings: Popular delivery platform Meituan has seen an increase in large orders and surging demand for online grocery, per Business Insider. Depending on how long the pandemic and social distancing measures last, grocery and other delivery providers might need to provide discounts, offer loans, or provide installment tools that can help consumers afford services. And in order to maintain consumer trust, couriers also have to be prepared to demonstrate good health and offer "contactless" delivery options to minimize risk—something a number of firms, including Instacart and Postmates, are already beginning to implement.

While individual sectors are likely to grow, however, payments companies are anticipating an overall downturn in business as consumer spending falls. Last week, the National Retail Federation (NRF) noted that the coronavirus could impact business confidence and hit retail sales overall in the US—a trend that's likely to be seen worldwide. Such a decline would come predominantly from a downturn in consumer confidence (especially after a string of poor days for the stock market), but could also result from supply and inventory challenges. As a result, any transaction or volume increase that payments and commerce companies see in segments like digital volume or ecommerce would likely be countered by an overall decline in spending—the likely reason driving firms like PayPal, Mastercard and Visa to revise revenue estimates downward.

**6. Increase in the sales of Groceries**:

In the US online purchases of shelf-stable grocery items have grown substantially in the last few days, including Rice (+432%), Flour (+423%), Canned and Jarred vegetables (+337%), Canned and Vegetable Beans (+433%), and Canned and Dry Milk (+378%) compared to the first four weeks of january. And it makes sense: These items are made for tough times when people may need to hunker down. They have a long shelf life, are verstile, and are frequently offered in large formats, making it easy to stock up on ingredients that last.Also the sales of facemasks and household cleaning supplies, which can be used to reduce the chance of contracting or spreading the virus, also shot up in early March compared to the first week in january before running out of stock.

**7. In Southern Europe, Sales of Medical Supplies are soaring**:

In Italy, people prepared to take down good care of themselves at home after a partial lockdown on Febuary 25th. sales of Medical Supplies spiked by +286% in early March. France , which has enacted a country-wide quarantine, saw sales of medical supplies outpace even food products in early March, rising by nearly +600%.

**8. Online transactions in Fashion & Luxury remain above 2019**:

Since the top of the year, online transactions in the Fashion and 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.

**9. Home furnishing sales stay high**:

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. sales of home improvement, gardening, interior design products which includes things like office furniture, lamps, and area rugs were up to +13% in Early march and still up by +8% last week, compared to January 2019 in US.

**CONCLUSION**:

Coronavirus is shaking up business and consumer behavior on a massive scale. Both the public and private sectors are scrambling to slow the spread of the illness and contain COVID-19 infections. While the full economic consequences of this black swan event are still unclear, we know that the effects that the virus and the drastic measures being taken to contain it are already precipitating change across industries. Business Insider Intelligence and eMarketer analysts think the pandemic is set to impact telecoms and technology, digital media, payments and commerce, fintech, banking, and healthcare.

The duration of time of the quarantine will usher in more changes as federal, state and local governments and businesses themselves made decisions about how they and all consumers, by default will go about their daily lives. we have seen Countries close bars and restaurants to takeout only, restrict gatherings and the close of schools and gyms. Airlines are reducing capacity and medical and foodstock stores are restricting the hours they are open. These closures vary in terms of duration some for the next few weeks, others for a month and even longer.

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