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ASSIGNMENT: In not less than 2000 words, explain explicitly how the pandemic (COVID19) has affected consumer buying behavior.

EFFECT OF COVID19 ON CONSUMER BUYING BEHAVIOUR

Coronavirus disease (COVID-19) is an infectious new disease that causes respiratory illness with symptoms such as a cough, fever and in more severe cases, difficulty breathing. It spreads primarily through contact with an infected person when they cough or sneeze. It also spreads when a person touches a surface or object that has the virus on it then touches their eyes, nose or mouth. The ongoing corona virus pandemic is impacting every part of our lives from the places we can go to the way we spend our time, to the priorities we have and the way we spend our money. This has wide range ramifications on marketing, advertising and ecommerce as well as a number of other sectors like travel and entertainment.

In retailing it is easy to observe rapid fire changes in shoppers purchase behavior. A big sale sign brings people in to shop who otherwise would have walked by. A new more convenient or time saving service like buy online or pick up in store gets people to switch from the old ways of shopping to new ways. A new retailer offering more better, different or cheaper products like amazon and so many other disrupters causes people to change their preferences in places to shop. But while purchase behavior, what people buy and where they shop, can change on a dime, however, their underlying consumer psychology, why they buy, is far more stable and predictable. Retailers that understand the psychology of shoppers can use those insights to influence shoppers purchase behavior or retailers in tuned with the psychology of shoppers can change their offerings in accordance with changes in consumer psychology.

This is exactly what we are seeing today. A change in consumer psychology, fear and anxiety brought on by the rapid spread of COVID19 is causing a run on pantry and household staples, cleaning supplies and medicines. The numbers tell the story, COVID19 has changed the way consumers shop and what they shop for. Ecommerce sales are up; brick and motor traffic is down. Luxury goods are not as much in demand as they were pre-coronavirus. Restaurant and entertainment receipts are expected to suffer. Household staples and health related goods like toilet paper, bottled water, hand sanitizer, face mask and bleach are in high demand while luxury goods, not so much. Equally predictable is that after the coronavirus runs its course, demand for these items will subside sharply. And depending on how quickly the virus threat diminishes, people may be delayed in buying refills of supplies they stockpiled. Due to COVID19, uncertainty is a barrier to discretionary shopping in general, as well as a barrier to shopping in stores. Long term, it may predispose people to make choices that are based on their underlying sense of identity. People may be more likely to choose environmentally conscious brands in the future, a trend we can already see in the culture and it may predispose them to indulge in more luxury purchases. In times of crises such as this, research shows that people will engage in more comfort seeking behavior, for example, a short term change caused by the present feeling of threat, like the hoarding of household staples we are seeing which seems to reassure people of their safety during this crisis.

Consumer behavior is habit driven and habits are hard to disrupt, hence a crises such as this causes intense negative emotions which is causing significant change in consumption habits arising from this crises. The CDC and World Health Organizations are stressing the importance of proper handwashing and doing it often. This is bound to influence people to live healthier lives which is a win for retailers selling healthier foods and sustainable products. It will move consumers to evaluate things from a different perspective. Corona virus precautions have led to a decrease in store visits and an increase in ecommerce spending. The shift in consumer behavior has already led to a drop in store visits which is no doubt fueling the dramatic increase in ecommerce sales in recent weeks. While the increase in online spending is understandable given health officials advice that citizens work from home and avoid crowded public places, retail experts say the change in shopping preferences is likely to have an effect long after people are out and about again. Consumers are purchasing goods and health related products that they have not historically bought online in large numbers. Habits consumers develop while self-isolating might lead to permanent changes in buying habits.

Retailers and marketers can use this health crises to help their customers live healthier lives as well as build healthier businesses in the short and long term.

THE SHORT AND LONG OF IT

In the short term, people will be spending more time at home and avoiding crowded shopping areas. This will incline them towards more online purchases which may become a hard habit for brick and mortar retailers to break once the immediate threat to health subsides. This underscores the need for retailers, large and small, to offer meaningful online experiences to keep their connection to consumers intact.

And with more time at home, people are more likely to feel the short comings of their home environment. Short term, it may make for more home decorative purchases, like a new rug, chair or pillow. Longer term, it may lead consumers to consider major home improvements or redecorating projects. Spending more time at home will benefit craft and hobby retailers, especially if they can fulfill demand through online shopping.

Right now consumers are in the throes of deep emotional, irrational fears and they are seeking comforting experiences that will bring them a sense of control which in turn will make them more comfortable. Buying things or having the sense of agency that comes from making consumption choices is one way to regain a feeling of control and greater comfort. So they hoard household supplies not because there is any evidence that they will actually need them, but the very act of buying them gives them comfort because they are doing something. Consumption plays an important role in the lifestyle of consumers and that won’t go away but retailers and marketers are advised to plan for potential long term changes that this crises may bring to their underlying psychology and the value that underpins their purchasing decisions.

The challenges facing the world right now is also shaking up global economies, pushing health care systems to their limits and upheaving daily lives. More than one-third of the world’s population is under some form of compulsory lockdown. To put it simply, there isn’t any business, government or person that has not felt the effects of corona virus, even to some degree. One of the most noticeable impacts 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. Travel purchases are taking the brunt as it is being delayed as the outbreak is still ongoing. For example 41% of global consumers have delayed purchasing vacations and holidays.

The speed and global spread of COVID19 has brought about a huge shift in people’s behavior, such as bulk buying and self-isolating. The virus has led to our environment becoming increasingly liquid, subject to change and operating without familiar context and predictable patterns. With these shifts in consumer behavior, it will not be easy for brands to stay relevant to what their consumers want as the world is changing even faster now than ever. As the pandemic continues to spread, China’s status as the epicenter of major supply chains is causing significant changes to businesses and consumer behavior. Brick and mortar retailers and restaurants are dealing with the harsh reality of cities being under lockdown, as local governments enforce quarantine measures and restrict trips outdoors. Major retailers have temporarily shuttered their stores while small and medium size retailers are being hit particularly hard as foot traffic dwindles. There has also been increase in mobile internet usage and a boost in traditional media. Consumers might pivot away from brands which are perceived as high-end or more luxury, and towards cheaper products offerings. The pandemic is expected to have an unprecedented impact on Nigerian economy. The disease represents a major threat to the economy because of plummeting oil prices and close trading ties with china. Waves of panic buying triggered by the rapid global spread of the novel COVID19 are a mass psychological phenomenon worth pondering. Irrespective of cultures and national borders, each stage of the epidemic’s escalation has quickly resulted in the affected population raiding shops. Some of the stockpiled items are directly associated with disease prevention, such as face mask and hand sanitizer. But there has also been a mad rush for general household staples despite there being no indication of impending shortage. Also school closures, travel bans and the need for social distancing have impacted communities nationwide.

Cities across the world continue to implement greater restrictions in order to flatten the curve and control the spread of the virus. These new protocols include shelter in place orders, restaurants 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. These updates and developments may cause changes in consumer behavior both online and in stores. Retail marketers continue to brainstorm their way through this unprecedented crises to evaluate what consumers are thinking and how long they think the crises will last. Consumers are shifting their spending habits and some companies and product categories are actually growing.

Retailers will be feeling the impact of the corona virus crises long after the quarantines, store closings and social distancing rules have ended. It is likely to create permanent shifts in consumer behavior that retailers need to start preparing. Consumers are likely to change how and where they shop and retailers will change how they interact with customers and how they plan for future pandemics. Ecommerce sales are surging as shoppers stay home during the crises but grocery stores are where the biggest long term impact could occur. First time online grocery buyers have a high probability of converting to that way of shopping permanently. A surge in consumer demand is not the only reason shoppers are seeing so many empty shelves in the tissue 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 are also afraid of ending up with too much excess inventory on hand, are producing goods on more of an as needed schedule. The current crises highlights the need for retailers and manufacturers to improve their digital supply chain operations to better balance the desire for lean inventories with the need to be ready for surges in demand. The crises will make retailers look for more ways to deliver virtual experiences and interact with shoppers online, rather than focusing primarily on drawing crowds to their stores. The pandemic has caused upheaval, creating unstable environments around the world. As the disease spreads so does instability with other areas becoming uncertain, subject to change and operating without familiar context and predictable patterns. Consumers are adapting to their changing unstable environment and making different purchase decisions.

Fraudsters also look for opportunity in times of distress and confusion as COVID19 becomes the new reality, retailers face the challenge of high order spikes and big runs on products that usually are not in such high demand. Retailers will need to be able to scale up quickly to handle order spikes. Successful merchants have turned to automated systems to improve order flow, inventory insights and fulfillments. The corona virus is a reminder, a dramatic one that retailers need to remain nimble for any number of reasons. Seasonal spikes, natural disasters, promotions and flash sales all stress retailers’ inventory management and their efforts to avoid lost sales due to fraud and abuse.

REFERENCES: [www.numerator.com](http://www.numerator.com), [www.agilitypr.com](http://www.agilitypr.com), [www.criteo.com](http://www.criteo.com), emarketer.com, ipos.com and forbes