**Name: Gadzama Esther Stephen**

**Matrix number: 18/ SMS03/013**

**Department: Business Administration**

**Course Code:BUS208**

**Course Title: Consumer Behavior**

**Question**

In not less than 2000 words, explain explicitly how the pandemic (COVID-19) has affected consumer buying behavior.

Its a good time to evaluate what consumers are thinking what they’re buying now, how they’re buying it, what they’re not buying, and how long they think the crisis will last.The challenges facing the world right now are shaking up global economies, pushing healthcare systems to their limits, and upheaving people’s daily lives.

The widespread outbreak of coronavirus, which causes the disease COVID-19, is now a global pandemic. Here at Criteo, we’ve been analyzing our data from the past several weeks to understand how retail is affected as the virus spreads. Our data includes insights drawn from across 80+ countries and two billion active monthly shoppers spending around $900 billion annually across approximately 20,000 e-commerce sites.1 From that massive data set, we’re able to see trends happening globally as well as across regions, Asia-Pacific, Europe, and the Americas. 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. While circumstances continue to evolve each day, according to Criteo research, more than half (52%) of Americans say they will shop online more in the next two weeks as a result of COVID-19, and 51% say they’ll buy more groceries online.

Below is what the data show and how the COVID-19 has affected consumer buying behavior

1. **Online transactions in Fashion & Luxury remain above 2019.**

In as much as COVID-19 has had a seismic effect on pop culture, it’s weighing heavily on the fashion industry, too. A number of shifts in reaction to the spread of the virus will change the next round of fashion shows the lucrative “cruise” season as well as the way Americans shop and what will be available to them since the top of the year, online transactions in the Fashion & Luxury category, which includes items like designer clothes, watches, jewelry, and handbag. 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.

1. **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. 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.

1. **In Southern Europe, sales of medical supplies are soaring.**

Demand is up to 100 times higher than normal and prices are up to 20 times higher.France, which has enacted a country wide quarantine, saw sales of medical supplies outpace even food products in early March, rising by nearly +600%.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.

Demand for masks, gowns, gloves and other protective medical gear has risen up to 100-fold and prices have soared due to the corona virus , producing a "severe" disruption in global supply. The situation has been made worse by people who are not medical workers buying the protective gear for their own use

1. **Grocery sales are going up.**

In ordinary times, any retailer would love to see a surge in demand, but this extraordinary time has strained the grocery industry almost to the breaking point. Panicked shoppers have emptied grocery shelves, and the available staff haven’t been able to keep up.

In the United States online purchases of shelf-stable grocery items have grown substantially in the last few days, including Rice (+432%),not only rice but other things which includes Canned & Prepared Beans (+433%), Flour (+423%), Canned & Jarred Vegetables (+337%)

and Canned & Dry Milk (+378%) compared to the first four weeks of the beginning of the month, January.

These items are made for tough times when people may need to hunker down. They have a long shelf life, are versatile, and are frequently offered in large formats, making it easy to stock up on ingredients that last. Sales of face-masks 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.

Our data shows that Australians are struggling the most to buy fundamental household and food items.

Two-thirds of Australian consumers say they’re struggling to buy essential household items like toilet rolls, compared to just 8% in China and 7% in Italy. Also, just over a third of Australians are also having a difficult time purchasing food and drink items (globally just 11% say the same). This is partly because of supply issues from countries Australia relies on for trade, such as China There also seems to be an information gap in South Africa. For example, 29% of South Africans have the biggest issue with getting up-to-date information about the situation in their local area and 22% struggle to get up-to-date information about the situation in their country.

1. **The United Kingdom favors non-perishable milk and fruit.**

The closing of restaurants, hotels and schools has left some farmers with no buyers for more than half their crops. And even as retailers see spikes in food sales to Americans who are now eating nearly every meal at home, the increases are not enough to absorb all of the perishable food that was planted weeks ago and intended for schools and businesses.

In the United Kingdom, sales of Canned & Dry Milk spiked by more than +350% last week, while Canned & Jarred Fruits were up by +297%. Flour sales skyrocketed to +623%.

1. **Changing travel plans**

More expensive purchases, and those that involve travel, are the most likely to be delayed while the outbreak is still ongoing.

For example, 41% of global consumers have delayed purchasing vacations and holidays.

This rises to 53% in China, a country that has been in lockdown for over 6 weeks and is only starting to re-emerge on the other side. Among travel enthusiasts (those who express an interest in travel), around half say they are delaying purchasing a vacation and close to 1 in 3 are delaying purchasing a flight.

On the other hand, only 9% of Japanese internet users say they’re delaying purchasing flights and just 14% say they’re delaying booking a vacation or holiday – the lowest of all countries we’ve tracked. It’s winter. We’re all dreaming of a holiday. But the Coronavirus may throw a spanner into the works for many UK travelers, with heavier border checks, cancelled flights, and risk of quarantines. Despite all of that, most of the Brits who have future travel plans aren’t intending to change them – 21.8% of respondents are going ahead with their travel plans. For those who haven’t made any plans yet, there’s a bit more hesitance to book than there might usually be – 21% of people are holding off on making plans due to uncertainty.

1. **Consumers are struggling to buy essentials.**

Many of us are now familiar with the sight of empty supermarket shelves, devoid of the essentials we usually buy. Fear has undoubtedly taken over consumer’s usual shopping behaviors. Pasta, toilet rolls, hand sanitizer, and other long-life foods are just some of the products that consumers have been loading up on in recent weeks. Many retailers say they have enough food supplies, but they’re struggling to get items into stores as fast as consumers are purchasing them.

This has left many supermarkets in the UK, such as Tesco and Wait rose, with no option but to limit the amount of items a person can purchase. And the UK government is urging consumers to shop responsibly and to be considerate of others. Many UK retailers have also implemented dedicated shopping hours for elderly, vulnerable groups, and NHS medical staff to allow them to get the items they need.

Our data shows that Australians are struggling the most to buy fundamental household and food items. Two-thirds of Australian consumers say they’re struggling to buy essential household items like toilet rolls, compared to just 8% in China and 7% in Italy. Also, just over a third of Australians are also having a difficult time purchasing food and drink items (globally just 11% say the same). This is partly because of supply issues from countries Australia relies on for trade, such as China. There also seems to be an information gap in South Africa. For example, 29% of South Africans have the biggest issue with getting up-to-date information about the situation in their local area and 22% struggle to get up-to-date information about the situation in their country

1. **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 two tiers of consumable products, which Britton has deemed the “Survival” tier and the “Sanity” tie

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.

Britton also announced plans to provide more webinars in the future to continually update companies on how consumer behavior changes and evolves over the course of this crisis. In addition, the Suzy website is now home to a Consumer Insights Hub for information related to COVID-19, including blog posts, a sentiment tracker, links to past webinars, the latest statistics from Suzy’s real-time audience network, and more.

1. **Getting Ahead of the Curve**

Whilst some sectors are clearly doing well (FMCG, the medical sector, digital industries like SaaS providers and e-learning), let’s make no mistake that the current picture for many is uncertain at best and devastating at worst. The pandemic is necessitating an adapt or die approach and failure to do so quickly and effectively will ultimately kill many businesses.The sad truth is that for many amazing businesses in sectors such as hospitality, travel and events there’s nothing they can do, or could have done, to survive this effective shutting down of the economy.

For those that can adapt though, the question that needs to be asked is how do I get ahead of the curve? Because, despite the debates around how and to what extent the world will change in the aftermath of coronavirus, ‘business as usual’ is just not an option anymore.

1. **Throwing Assumptions out the Window**

Some sense of predictability is crucial to running a functioning business but also a functioning economy. When this is rocked even slightly, the ensuing tumult is inevitable, which at the time represented a consistent source of instability for businesses, but which now pales into insignificance compared to the far reaching consequences of coronavirus.

Uncertainty must therefore now be factored into all future planning and previous assumptions thrown out the window. This requires a hedging of one’s bets and a lot of worst case scenario planning. With a vaccine potentially 12 to 18 months away and a relatively tiny proportion of the British public having been infected with coronavirus, the realisation of ‘herd immunity’ is a distant one and the potential for lockdowns to become rolling (easing and tightening of restrictions over time) or partial (immunity passports, regional lockdowns or letting only young people back to work) is at the moment a more probably outcome in the short term

As a result, businesses should work on the assumption that the current trend towards online consumer activity will continue unabated. It would also be reasonable to assume that much of this behaviour will continue to evolve in the short term and that some of it will stick when herd immunity and/or a vaccine is achieved. Investing in your ability to generate and run your business online, may involve a fundamental shift in approach, but it now represents the least risky option when it comes to long term profitability. With economic activity all but shut down, it’s not surprising that organic web traffic across a whole range of search terms has dramatically shifted. But it will come back when restrictions are eased and it’s those businesses that are maintaining and building upon their SEO efforts now that will see a more substantial bounce back.

Whilst we will emerge from this pandemic to a deep recession, it’s inevitable that there will also be less competition out there, so the potential rewards for those businesses who have been steadily investing in their digital presence during lockdown could be all the greater.

**References**

• <https://www.criteo.com/insights/coronavirus-consumer-behavior/>

• <https://www.askattest.com/blog/news-and-trends/how-is-the-coronavirus-affecting-consumer-behaviour>

• <https://www.dailymaverick.co.za/opinionista/2020-03-09-coronavirus-is-set-to-change-consumer-behaviour/>