**Name: Obieze Onyeneme Ifeyinwa**

**Matric no: 18/LAW01/160**

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 **Assignment**

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

Consumers have different motives for buying and to satisfy varieties of needs; needs differ according to markets, societies, economic situations and even perception. The American Marketing Association defines 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. Criteo debuted data showed how the global coronavirus outbreak has affected consumer trends and behavior. It was discovered that social distancing measures put in place by many countries created new consumer trends in how people buy and what they buy. The outbreak of the COVID-19 virus had a major impact on daily life and consumer behavior in China. Wuhan, China, a city of 11million people and the first epicenter of the coronavirus crisis, began a state imposed lockdown, ordering upwards of 60 million residents to stay at home. The same lockdown is applied in countries with the virus- Spain, France, UK and USA etc. social distancing efforts, like shelter-in-place and other containment measures aimed at slowing the spread of the virus have radically altered people’s daily routines. Web traffic has surged by 50 % as quarantines are put in place and recent research shows that over half (52 %) of consumers in the UK and US say they plan to shop online more as a result of the COVID19. The same is true for consumers in South Korea and Brazil. When you factor in that figure from other countries like Spain, Germany, Russia and France, it appears that globally, close to half of consumers say they will purchase more online because of coronavirus.

One very noticeable impact 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-** more expensive purchases and those that involve travel are the most likely to be delayed while the outbreak is still ongoing. For example, 41 percent global consumers have delayed purchasing vacations and holidays. Heightened delays in Singapore are likely because of very early restrictions that were implemented there, such as strict border controls, aggressive testing measures, intensive tracing of carriers, and surveillance action. The country has managed to contain the virus so far but, understandably, consumers are still cautious about booking new travels. Among travel enthusiast, around half say that they are delaying purchase a vacation and close to 1 in 3 are delaying purchasing a flight.
* **Luxury is taking a backseat especially in China-** the luxury market is also taking a hit, with 15% of consumers delaying purchases of luxury items. For brands operating in China, this presents a serious blow as this country currently dominates the luxury purchase market and in fact, is expected to account for 41 % share of the **Global Luxury Market** by 2025.
* **Purchases could be delayed for quite some time-** over 40 % of consumers say they will buy major purchases only when the outbreak decreases or ends in their country. But close to 20 % say they will wait until the outbreak decreases or is over globally. Chinese consumers are most likely to say they will resume purchasing when the outbreak decreases or ends on a national level. Younger generations are also more inclined to wait until the outbreak improves on a national level.
* **Consumers are struggling to buy essentials-** fear has undoubtedly taken over consumer’s usual shopping behavior. Pasta, toilet rolls, hand sanitizers, and other long-life foods are just some of the products that consumers have been loading up on in recent weeks. 45 % of consumers globally say they’ve purchased extra food and drink supplies. While 43 % say they have purchased extra household supplies such as toilet rolls, tissues, and cleaning supplies. Many retailers say they have enough food supplies, but they are struggling to get item into stores as fast as consumers are purchasing them.
* **Medical supplies are in high demand-** face masks (45 %) and hand sanitizer gel (30 %) are the top items globally that consumers are struggling to purchase. By country, Japan is seen as the highest struggle to buy face masks at 78 %, while the Philippines struggles the most to purchase hand sanitizer gel at 78 %. This is a common occurrence across many countries. Google searches for hand sanitizer have skyrocketed, while many pharmacies and stores have sold out. With the increased demand, Amazon and Walmart sellers have also been criticized for price gouging.

Since the coronavirus outbreak, people have been shopping more of basic needs and less of human wants. Survey carried out by Numerator shows how coronavirus has affected consumer behavior for the past week.

* Shoppers settle into new normal as product shortages and stock-up behaviors decline. The most frequently cited impact on shopping behavior continues to be product shortages, but the number of consumers reporting this impact declined for the first time this week. Additionally, over half of consumers said they are delaying purchases of non-essential goods or services, and more than a third said stores they would otherwise go to are closed.
* 9 in 10 consumers have changed their shopping behavior as a result of corona virus. This week, 89 % of consumers said their shopping behavior had been impacted by coronavirus, only marginally higher than last week’s 88 %. This number is expected to stay relatively consistent until stay-at-home orders are lifted. 54 % of consumers are no longer considering the purchase of big-ticket items (homes, cars, luxury goods) over the next three months. Instead, consumers are focusing on two tiers of consumable product.
* 3 in 4 consumers visited a restaurant or ordered delivery/takeaway last week. Although 61 % of consumers say they are eating /drinking out less than before, the majority still made at least one purchase of a meal or snack outside the home last week, and many people plan to do the same next week. Franchise with the highest increase in visits include:
1. McDonald’s: 58 %
2. Dunkin donuts: 40 %
3. Burger kings:38 %
4. Starbucks: 36 %
5. Wendy’s: 35 %

However, this might not be the case for long; 42 % of consumers say they do not trust the safety of any food prepared in restaurants.

* Online delivery and click-and-collect services continue to attract new users. Where consumers are buying their product has also changed. Over the last two weeks, consumers are beginning to fear crowding and lack of interest, and said they are shopping less at wholesale and big box retailers. Meanwhile, despite concerns about deliverability of packages, online shopping has increased 31 % in the past two weeks; visit to local grocery stores have increased 28 %. 13 % of those who placed an online ship-to-home order in the past month indicated it was their first time ever in the past six months doing so. About one-third of click-and-collect users are new lately. Retailers should continue to prioritize and invest in their online and click and collect offerings given their evident appeal in this time of social distancing.
* While overall concern grows, specific concerns center around physical and economic health. Consumption or purchase-related concerns fell towards the middle of the list; inability to purchase basic necessities was cited by 52 % of individuals, cancelling upcoming travels 42 %, and inability to purchase other than non-essential goods and services.

To date, supermarkets and other food supplies have had a clear boost sale, and are facing immense pressure to satisfy demand both online and in store. In regard to non-essential retail, the picture has been marked different even for those with online and delivery capabilities. People are scared to spend money that is not essential. Yet this picture has the potential to change somewhat in the coming weeks. As people become used to the routines of staying indoors- either unable to continue working or working from home, there’s likely to be a greater need for certain non-essential item. In recent days, governments in countries such as the US and UK have announced radical package to secure at least part of people’s incomes in the event their employer is forced to temporarily close. Whilst not ideal by any means, these measures can at least help alleviate some of the financial pressures many people are feeling.

The senior vice president, Guy Elliot, retail and consumer products EMEA &APAC at Publicis Sapient, believes there will be an increase in consumer demand in parts of the non-essential retail industry over the coming weeks. “I think online shopping for anything that is essential to being quarantined will grow- it’s a huge range from exercise and hubby equipment, to a huge range from exercise and hobby equipment, to gardening and home improvement. So there’s a massive surge in demand for anything that revolves around being at home, such as working from home and keeping yourself entertained when you can’t go out.

Additionally, as history has shown, it is in times of crisis when innovation is most likely to try and find novel ways of encouraging home-bound consumers to purchase their product. One example so far is restaurants that have been forced to close, now offering takeaway and delivery services. As Elliot puts it: “times of distress make people very creative”. Shopping will undoubtedly become a heavily e-commerce activity during this period. Those retailers who do not currently trade on the internet, such as Primark, will surely be wondering if ignoring online shopping all these years was the right decision. Andy Mulcahy, strategy and insight director says he expect to see very concentrated growth in e-commerce: “As the stress are shut, the demand will almost certainly have to shift online. As people get used to this new reality, you might expect their shopping habits to extend past focusing so heavily on grocery and essentials, although we have to consider the economic environment.

The thing about online grocery shopping is that for the most part, once people get into the habit of doing it, say after three or four purchases, it becomes a routine and you don’t go away from it easily. If this continues for a while there will be significant sustained shift to online purchasing even post-virus. This could well apply to high-risk groups like the elderly, many of whom would never have envisioned themselves undertaking online purchasing as recently as a few weeks back. In the UK, for example, these individuals have been urged to self-isolate for 12 weeks, forcing this behavioral change at least short term. Currently due to the huge demand for online grocery’s retailers are finding ways to ensure elderly patients are given priority access to online delivery slots.

In the US, online purchases of shelf-stable grocery items have grown substantially in the last few days, including rice (+ 432 %), flour (+ 423 %), canned & jarred vegetables (+ 337 %), canned & prepared beans (+ 433 %), and canned & dry milk (+ 378 %) compared to the first four weeks of 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 lasts. In Italy, people prepared to take good care of themselves at home after a partial lockdown. 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 %. The United Kingdom favors non-perishable milk and fruit. In the UK, 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 %. 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 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 to + 13 % in early March and still up by + 8 % last week. Compared to January 2019.