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IN NOT MORE THAN 2000 WORDS, EXPLAIN HOW THE PANDEMIC COVID-19 HAS AFFECTED CONSUMER BUYING BEHAVIOUR

The 2019–20 coronavirus pandemic is an ongoing pandemic of coronavirus disease 2019 (COVID-19). The outbreak was identified in Wuhan, China, in December 2019, declared to be a Public Health Emergency of International Concern on 30 January 2020, and recognized as a pandemic by the World Health Organization on 11 March 2020.The virus is primarily spread between people during close contact, often via small droplets produced by coughing, sneezing, or talking. While these droplets are produced when breathing out, they usually fall to the ground or onto surfaces rather than being infectious over long distances. The challenges facing the world right now are shaking up global economies, pushing healthcare systems to their limits, and upheaving people’s daily lives.Currently, more than one-third of the world’s population is under some form of lockdown. To put it simply: there isn’t a business, government, or person that hasn’t felt the effects of coronavirus, even to some degree.

Buying behavior is the decision processes and acts of people/prospective customers involved in buying and using products.

As Coronavirus grows, impact on consumer behavior begins to slow or stabilize in many ways. With the majority of the country now under lockdown in this month of April, consumers are settling into a “temporary normal” that includes regular trips / online orders to replenish necessities, bulk buying etc. Although most non-essential businesses have closed their doors, consumers are still holding tight to some familiar behaviors like online shopping, bulk buying, eating out— though restaurant traffic is down significantly, the majority of consumers are still making occasional take-out or delivery orders to supplement their in-home eating behavior. In a sense, the Covid-19 pandemic has changed the way we work, shop and communicate with people more than any other disruption (including technological ones) in the recent past. As more people start working from home, they are sticking to basics, stepping outside only to buy essentials and are constantly worried about the risks of getting infected in crowded places like malls and supermarkets. A lot of consumers had changed their buying behavior to adapt to the state of the world. The speed and global spread of coronavirus has brought about a huge shift in people’s behaviour, such as bulk-buying or self-isolating. The virus has led to our environment becoming increasingly ‘liquid’, subject to change and operating without familiar context and predictable patterns. The most impacted cities continues to face 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. All of these behaviors are indicative of the new — albeit temporary— normal in which we see consumers stepping back from non-essential activities and purchases. 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 survival products like food and beverages, personal care items, over the counter medicines and household cleaning items. 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 retailer. 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. 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 sanitizers, food supplies. With many stores closing their doors and many consumers stuck inside, online shopping is gaining even more traction as a necessity. Consumers report their online shopping has increased by 38 percent during the time spent social distancing from others. In fact, 43 percent said they now use delivery or drop-off/pick-up services for groceries/essentials, and 58 percent are interested in learning more about new delivery and drop off methods.

Sixty percent of surveyed consumers now shop online for products outside of essentials, with leading categories of clothes, shoes and makeup sought out by 52 percent and toys, games and activities for kids sought by 51 percent. In the continued stay-home days to come, 72 percent of consumers say they plan to shop online more, buying more groceries (77 percent), health and beauty (71 percent), cleaning products (71 percent), apparel (44 percent) and home electronics (24 percent).

The following are consumer behavior threshold of covid-19 concerns;

Proactive health minded buying- Interest rises in products that can support overall maintenance of health and wellness. Reactive health managements- Prioritize products essential to virus containment, health and public safety e.g face masks, hand sanitizers. Pantry preparation- Pantry stockpiling of shelf stable foods and a broader assortment of health safety product; spike in store visits. Preparation of quarantine living- Increased online shopping, a decline in store visits, rising out-of-stocks, strains on the supply chain. Restricted living- Severly restricted shopping trips, online fufilment is limited, price concerns rise as limited stocks availability impacts pricing in some cases.

Retail sales saw their biggest monthly drop on record during March as the coronavirus pandemic forced restaurants, bars and many stores to temporarily close across the nation and stay-at-home orders also impacted gasoline sales, according to the National Retail Federation (NRF). But sales soared at grocery stores and were up at other retailers deemed “essential” as well, offsetting some of the decline. “COVID-19 has hit the retail industry unevenly,” NRF Chief Economist Jack Kleinhenz said. “This is a market of haves and have-nots. The haves are the stores that remain open with lines out the doors to buy daily necessities while the have-nots are the stores that have closed and are taking the brunt of the impact of the pandemic. These numbers should come as no surprise given the mandated shutdown of our economy to slow the spread of the virus.” “March was a month that started out with many stores still open, but far more are closed now,” Kleinhenz said. “Don’t be surprised if the data going forward shows a worsening situation. Even if the economy begins to reopen in May, consumer behavior may take a long time to adjust. The road to recovery could be long and slow.” Clothing stores also saw the biggest decline among categories counted by both NRF and the Census Bureau, with sales down 50.5 percent from February, while furniture store sales were down 26.8 percent and sporting goods stores were down 23.3 percent. But grocery store sales were up 25.6 percent, general merchandise stores – which include warehouse clubs that sell both food and essential household products – were up 6.4 percent, and health and personal care stores, which include pharmacies, were up 4.3 percent. With more people turning to ecommerce, online and other non-store sales were up 3.1 percent. Here are some other impacts that the pandemic have on consumer behavior:

-Grocery sales are going up: 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. 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 versatile, and are frequently offered in large formats, making it easy to stock up on ingredients that last. 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.

### -Online transactions in Fashion & Luxury remain above 2019**.**

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.

### -In Southern Europe, sales of medical supplies are soaring;

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.

Fashion and luxury sales increase despite Corona Virus -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.

Governments and Authorities to keep washing our hands, but another key message should be: “avoid using cash to pay for goods and services”. Cash changes hands frequently and is exposed to all sorts of bacteria and viruses. According to the World Health Organisation (WHO), COVID-19 can remain on cash for days after being exposed to it. Countries are taking several measures. South Korea’s central bank started taking banknotes out of circulation, and even going to the extent of burning some. China used ultraviolet light and high temperatures to treat banknotes coming from high-risk areas. In Europe, Visa and Mastercard are implementing increases to the limits of contactless payments. Limits have increased from €20 – €25 to €50 in many Euro markets and £30 to £45 in the UK. This would enable more payments to be contactless whether using cards and mobile devices. Contactless payments would be especially helpful in developing markets. Or in markets where cash is rooted deep in cultural behaviour, such as countries in Africa, the Middle East, and Russia, Germany, Italy, and Japan.

Consumers and merchants have been affected alike, with isolation and social distancing measures in place. Airlines and hospitality verticals have been affected the most. With many countries placing travel bans and restrictions to certain countries, as well as consumers choosing to reduce travel, travel companies have seen significant revenue streams disappearing.

The world will be different after the COVID-19 pandemic. Consumer behaviour is customarily slow to change when it comes to payment preferences. However, when there is a global crisis of this scale, consumers will adapt their shopping habits and modify their payment preferences. We have already seen that consumers and merchants have been forced to change their behaviours, adopting new electronic payments and shopping online for groceries. It will be interesting to see to what extent these habits will be retained when the situation reverts to normal. Some retailers have already stopped accepting cash in the last few days as a result of the concern that the virus can be transmitted this way. Some segments of society, such as the elderly, are fearful of sharing their payment details online, and this is expected to be the tipping point where we will see an upturn in the number of unique online consumers.

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## -**The Impact of COVID-19 on Consumer and Merchant Behaviour**

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