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**QUESTION**

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

**HOW THE PANDEMIC HAS AFFECTED CONSUMER BUYING BEHAVIOR**

The outbreak of the COVID-19 virus has had a major impact on daily life and consumer behavior in many countries. When the epidemic peaked in countries at the beginning of March, it led to the lockdown of regions and cities with a total population of 500 million 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 behavior – from fear to action, to cope with the unexpected situation – and a shift in daily activities from offline to online.

In an age when marketing success can hinge on a business’s ability to quickly react to and pivot strategy around trends in real-time, the COVID-19 outbreak is **changing consumer behavior** about their buying preferences and buying power. Just as CEOs are adjusting business travel policies and IT professionals are preparing networks for an influx of work-from-home traffic, marketing teams are also preparing for changes. Coronavirus presents a number of challenges to brands and policy makers. As consumers take protective actions against the virus, their health/financial concerns and behavioral adjustments will continue to have an enormous social and economic impact. In affected areas, we are already observing drastic changes in consumer behavior such as bulk-buying, a surge in low contact commerce, and crowd avoidance/cocooning. Consumers, even in that first week, had already begun to change how they worked, shopped, ate, played and traveled. Those changes in behavior were more or less aligned with the consumer’s level of concern over their perceived risk of contracting the virus, and those changes were more or less done of their own volition. More consumers did more of their shopping online. Seventy percent of these lower-income individuals also expressed the highest levels of concern over contracting the virus, so not spending money seemed to be key. More affluent consumers seem focused on avoiding public spaces, while going online to buy what they needed and wanted.

In December 2019, a cluster of pneumonia cases from an unknown virus surfaced in Wuhan, China. Based on initial laboratory findings, the disease named Coronavirus disease 2019 (abbreviated as COVID-19), was described as an infectious disease that is caused by severe acute respiratory syndrome coronavirus 2. The COVID-19 outbreak has since spread to about 196 countries and territories in every continent and one international conveyance across the globe. While there are ongoing efforts to curtail the spread of infection which is almost entirely driven by human-to-human transmission, it has accounted for over [400,000 confirmed cases with over 18,000 deaths](https://www.worldometers.info/coronavirus/).

Beyond the tragic health hazards and human consequences of the COVID-19 pandemic, the economic uncertainties, and disruptions that have resulted come at a significant cost to the global economy. The United Nations Trade and Development Agency (UNCTAD) put the [cost of the outbreak](https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=2300) at about US$2 trillion in 2020. Most central banks, finance ministries and independent economic experts around the world have taken solace in the prediction that the impacts might be sharp but short-lived, and economic activities would return to normal thereafter. This line of thought mirrors the thinking of the events that shaped the 2007 global financial crisis. However, it is quite instructive to note that the 2007 crisis which emanated from the United States’ [subprime mortgage crisis](https://www.cnbc.com/id/18718555) was mainly an economic phenomenon, with its fallout spreading across many regions of the world. When compared to COVID-19, the 2007 crisis could be described as minor and manageable. The tumultuous events that COVID-19 had spread across the globe cut across every facet of human existence and the consequences may linger [beyond the second half of 2020](https://www.weforum.org/agenda/2020/03/the-economic-geopolitical-and-health-consequences-of-covid-19/).

The slowdown in the global economy and lockdown in some countries, such as Italy, Spain and most Eurozone economies and beyond, as a result, COVID-19 has also taken its toll on the global demand for oil. The decline in oil demand is estimated to surpass the loss of nearly 1 million barrels per day during the 2007-08 recession. This is also coming at a time when two key players in the global oil industry – Russia and the OPEC cartel – are at loggerheads on the decision to cut output. The unequivocal oil price war started between these two global oil market giants may have more dire consequences on the oil price that has started to dive. .

Sector-specific implications and impacts could vary. For example, the impacts on the global aviation and tourism sectors are a result of the implications of the pandemic on global travel. As discretionary spending by consumers continues to decline, cruise companies, hotels, and hospitality are facing declining demand and patronage. For example, in Hungary alone, about 40 to 50% of hotel reservations have been [canceled](https://hungarytoday.hu/tourism-and-hospitality-industries-hit-hard-due-to-coronavirus/). Also, the pandemic is placing up to [8 million jobs in the leisure and hospitality sector](https://www.usatoday.com/story/money/2020/03/17/covid-19-job-cuts-layoffs-coronavirus-economy/5068695002/) at risk, with travel crashes and cancellations expected to continue. Moody’s Analytics, a rating agency, stated that more than half of the jobs in the United States which is about [80 million](https://www.cnn.com/2020/03/16/economy/job-losses-coronavirus/index.html) may be in jeopardy.

The virus is also taking its toll on health facilities and infrastructures across the globe. Italy is currently the largest affected country with a number of deaths surpassing China, since the outbreak of coronavirus. Across northern Italy, the virus has pushed the country’s National Health Service to a breaking point, emphasizing the test that other countries, especially developing and low-income countries, might face in their approach to contain the virus spread. Most hospitals and health facilities that could not handle the hazards are resulting to operating below their capacity by taking a few regular health-related cases or shutting down. What could be more devastating is the fact that the economic pains that accompanied the virus might not go away soon as envisaged.

The COVID-19 pandemic continues to force [retail stores to close](https://www.forbes.com/sites/laurendebter/2020/03/16/coronavirus-store-closing-tracker-patagonia-warby-parker-and-other-chains-temporarily-close-up-shop/#2c5557c425e3), signaling an unprecedented disruption of commerce. Incumbents rarely do well in this type of disruption. None of the ice-harvesting barons invested in ice factories, and all the ice factories failed to foresee the advent of at-home ice makers.

Retailers and brands face a daunting multitude of short-term challenges around health and safety, supply chain, labor force, cash flow, consumer demand and marketing. Yet successfully navigating these issues alone will not assure a bright future, or any future at all. That’s because once we get through this pandemic — and we will get through it — we will emerge in a very different world from the one we left prior to the outbreak.

The conventional policy measures currently being taken such as reducing interest rates and costs of borrowing, tax cuts and tax holidays are quite remarkable. However, these conventional policy measures are quite potent when there are demand shocks. There are limitations to the successes that can be recorded when demand shocks are combined with supply shocks. It is already apparent from the emergence of the current crisis that there are implications on the economy from both the demand and supply sides. Some of the demand factors include social distancing with consumers staying at home, limitations in spending and declining consumptions. On the supply side, factories are shutting down or cutting down production and output, while in other instances, staff work from home to limit physical contact.

The decision to close educational institutions and schools around the globe in an attempt to contain the pandemic has also led to a soaring number of children, youth and adults not attending schools. According to UNESCO Monitoring report on [COVID-19 educational disruption and response](https://en.unesco.org/themes/education-emergencies/coronavirus-school-closures), the impact of school closures in the over 100 countries that have implemented the decisions around the world has impacted over half of the global students’ population. These educational disruptions are being escalated particularly for the most vulnerable members of society. The COVID-19 pandemic is rapidly accelerating the transition to digital commerce. As consumers are being asked to practice social distancing, e-commerce orders for groceries and other essentials have become a survival tool for families. Many families are trying digital grocery services for the first time.

**SOME FACTORS RESPONSIBLE FOR THE DEPLECTION IN CONSUMER BUYING BEHAVIOUR**

**Customers doing bulk shopping**

The unpredictable nature of the coronavirus outbreak is compelling shoppers to stock-up and buy in bulk. Prior to the coronavirus outbreak, customers were accustomed to getting anything they needed within a day or two. However, the situation is not the same anymore. Major online stores are not accepting new grocery orders for now as they are facing exceptionally high demand for delivery slots. As a result, the trend of placing large orders seems to be on the rise. A recent report from Infiniti Research shows that in the four weeks ending March 22, a record amount on groceries was spent at supermarkets across the world, especially in the European region. Demand for groceries has soared to such a huge amount that e-commerce giants are unable to fulfill customer needs and requirements.

**Spike in shelf-stable products and depleting markets for fresh and exotic foods**

The demand for fresh and exotic food items, are declining and there is a rising demand for packaged or canned food products. This is because customers are not willing to take the risks of consuming items that may have travelled long distances and exchanged many hands with little or no way to prove their hygiene quotient. Instead, consumers are increasingly opting for packaged food items which are risk-free.

Owing to this changing customer buying behavior, retailers will need to conduct thorough market research and gather data-driven insights to efficiently make their next moves. Also, analyzing customer buying behavior, spending patterns, and usage is a way forward for businesses to gain a competitive advantage in the long run.

**People are doing less shopping in-person and cooking more.** When asked how their food shopping habits have changed over the past month (from early March to early April), half of all survey takers reported shopping in-person less, and nearly 4 in 10 said that they were buying more shelf-stable, pantry foods and buying more groceries each time they shopped. At the same time, nearly half (47%) of survey takers said that they were eating more home-cooked meals than one month ago. Nearly 1 in 3 reported that they were ordering less takeout or delivery than usual, while 16% say they were ordering in more often than they used to.

**Online grocery shopping sees the spotlight.** As consumers shop in person less, 16% report that they’ve started shopping for groceries online; 13% report increasing the frequency of online deliveries. It makes sense, then, that 16% also highlighted online grocery shopping as a step they’re taking to feel comfortable with the safety of their food. While there were no statistically significant demographic differences seen in those who started online grocery ordering, college-educated people and those under the age of 45 were more likely to increase the frequency of their existing grocery delivery versus non-college educated and older age groups, respectively.

**Impact of COVID-19 Pandemic on Market**

The market is the playing field of any business and conditions of the field do matter. Although you cannot simply imply that playing field is the only decisive factor in win or loss. If you analyze and adapt yourself to the conditions, everything else becomes irrelevant. Doesn’t matter how difficult a task is, if you are flexible enough to adapt, you are always going to gain lead against the competitors and achieve victory.

1. **Influence of brands**

When the market takes a hit, it has direct and indirect [implications for a business](https://www.bloomreach.com/en/blog/2020/03/coronavirus-the-implications-for-b2b-commerce.html). It would be fundamentally flawed if you assume that the impact is just negative. When you think market conditions are unfavorable, it has to be in a certain context.

There are a few determining factors of change in the market. These factors reflect a better view of how the market is changing and these changes can shape up in the future. We can clearly figure out the business implications of the impact COVID-19 Pandemic is causing to the market. The implications for the market must be the core of your business strategy as it should for any successful business to maintain a sustainable growth.

As the laws of evolutionary science suggest “only those who adapt shall survive in the race with time, lag behind and you shall perish”. This theory is the basic essence of sustainable growth for business too.

1. **DECLINE IN SALES**

However, in the long term, things may not be that bright for every sector. The travel and hospitality along with the airline industry are worst hit by the pandemic. They will probably need some time to recover even after the world returned to normalcy. The sales will decrease as the length of pandemic increases. Most consumers have postponed their plans to purchase consumer electronics. Electronics and home appliances are not being bought unless it is really necessary. This is likely going to create a huge wave of sales posts the epidemic.

1. **ONLINE SHOPPING**

Smaller stores will get affected by this epidemic, as their consumers are compelled to stay indoors during the COVID-19 pandemic. Hence, the e-commerce platform or shopping app is a fairly good option for smaller stores. To meet the household needs, people are extensively using online shopping all over the world. Many [small businesses are growing](https://www.marketplace.org/2020/03/25/some-small-businesses-are-flourishing-during-the-covid-19-pandemic/) at unprecedented rates by simply shifting online. This is clearly an indication for the business that it is [time to consider an online option](https://www.business2community.com/strategy/why-the-coronavirus-affects-your-businesss-online-strategy-02293103) along with physical stores.

1. **EXISTING ONLINE CONSUMERS**

Not all customers are affected by the pandemic as far as shopping habits are concerned. Many people were already shopping online and the lockdown never really bothered them. Furthermore, a majority of employees all over the work are working remotely so to keep a safe distance from coronavirus. Quarantine is likely going to change the way in-store shoppers approach shopping. Isolation gives plenty of time to go through a change of heart. Harsh but true. For people who prefer to go to the office, meet and chat with other people, visit crowded markets, COVID-19 has changed their way of life. They might find it tough to adapt to such confinement. As an e-commerce merchant, you can help them switch to new shopping habits. Provide engaging services and user-friendly shopping experience with the help of intuitive browsing dynamics and short & sweet checkout process.

**CONCLUSION**

COVID-19 has had a devastating impact on the world to date. Businesses have closed. Countries are in lockdown. Lives have been disrupted. For retailers, Coronavirus has changed how their customers think and therefore shop. That’s especially true for essential retailers. In response to these unprecedented shifts in consumer demand, retailers must prioritize efficient adaptation to changes to their assortments and in-store product space planning. COVID-19 is changing consumer behavior and affecting demand. As a retailer, you need to respond to these changes by prioritizing rapid and data-driven changes to your product assortments and merchandising displays.

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