

CONSUMER BEHAVIOR

- × ***NAME: FADEYI ENIIYIOLAOLUWA DAVID.***
- × ***MATRICNO.:18/LAW01/102***
- × ***COURSE CODE: BUS208***
- × ***COURSE TITLE:CONSUMER BEHAVIOR***

In late December 2019, news of a rapidly-spreading pneumonia-like virus in China started spreading across the world. The novel coronavirus, now called COVID- 19, which causes respiratory illness was declared a global pandemic by the World Health Organisation on March 11. It has spread to at least 170 countries, infecting over 600,000 people and killing more than 30,000 people. Nigeria recorded its first case in February of 2020, and life as we know it has changed drastically.

As the numbers of infected people keeps rising, individuals and businesses alike are suffering greatly and have to improvise

Coronavirus disease (COVID-19) is an infectious disease caused by a newly discovered coronavirus.

Most people infected with the COVID-19 virus will experience mild to moderate respiratory illness and recover without requiring special treatment. Older people, and those with underlying medical problems like cardiovascular disease, diabetes, chronic respiratory disease, and cancer are more likely to develop serious illness.

The best way to prevent and slow down transmission is be well informed about the COVID-19 virus, the disease it causes and how it spreads. Protect yourself and others from infection by washing your hands or using an alcohol based rub frequently and not touching your face.

The COVID-19 virus spreads primarily through droplets of saliva or discharge from the nose when an infected person coughs or sneezes, so it's important that you also practice respiratory etiquette (for example, by coughing into a flexed elbow).

CONSUMER BEHAVIOR

At this time, there are no specific vaccines or treatments for COVID-19. However, there are many ongoing clinical trials evaluating potential treatments. WHO will continue to provide updated information as soon as clinical findings become available?

The coronavirus has affected the economy on a global level, bringing down some of the world's strongest countries to a standstill for example: Italy, China, United States of America. Killing thousands of people daily, this pandemic has got the world economy on a global lockdown. In countries heavily impacted by COVID-19, consumers are stockpiling food and other essential items, while isolating themselves from crowds.

Due to lack of definite knowledge on when this pandemic would be over people resulted into panic buying i.e buying foodstuffs and goods.

There's no doubt that the crisis caused by the global Coronavirus (COVID-19) pandemic has created an incredibly difficult business climate. Businesses are being presented with many new challenges as international borders close, bricks-and-mortar businesses shut their doors, and people are told to isolate at home. Many companies face temporary or even permanent closures, with staff facing months of financial uncertainty and worry.

Consumer behavior has been forced to immediately change, and change on a massive scale. Those in isolation or under lockdown can't perform their usual routines, especially since many local shops have been forced to close their doors for safety reasons. Concerns about the availability of goods have encouraged panic buying of items in bulk. Financial uncertainty and the prospect of a severe and long-term recession make for a stark backdrop which has led to an impact on consumer outlook, perceptions and behaviors.

For the businesses that remain active at this time, questions are inevitably being asked about how best to cope with the prevailing trading conditions, and how best their strategies should adapt. This is a difficult question to answer since the Coronavirus pandemic is so new that the circumstances are changing fluidly and on a daily basis. Defining a strategy now is difficult as there is limited evidence or precedent to base assumptions on.

CONSUMER BEHAVIOR

Initial indications about what might happen to businesses and the economy could be gauged by looking at the data from the countries which first suffered from the effects of COVID-19. While there's no guarantee that others will follow the same trajectory, analysis of these countries can reveal useful patterns and insights.

They monitored consumer trends, as COVID-19 news reached the general public and found out that consumers go through six behavioral stages based on their awareness of the COVID-19 spread in their communities:

1. **Proactive health-minded buying:** Increased interest in the acquisition of products that maintain well-being or health

2. **Reactive health management:** Prioritization of products for infection containment (e.g. face masks) people are now exposed goods that can reduce the contamination risk, but at the same time at the advent of the coronavirus the prices of this so called goods have been hiked, a small bottle of sanitizer that went for a five hundred naira now goes for about 2500, consumers notwithstanding the price still buy and when they do they buy in bulk. Same thing applies to other protective gears such as the masks, hand sanitizer, Clorox/Lysol wipes, disinfectants, gloves, bottled water, vitamins, and of course toilet paper. With their hiked prices and bulk buying you find that these things become scarce.

3. **Pantry preparation:** Higher purchases of shelf-safe products and increased store visits: the purchase of non perishable goods have increased, non-perishable foods are those that do not require immediate refrigeration and can be stored for a long time (generally a year or more) without spoiling. To maximize the shelf life and quality of non-perishable foods, store them in dry, cool, dark, and well-ventilated spaces. In the view of the social distancing implemented as a measure of coronavirus (COVID-19) prevention, non-perishable food sales volume grew significantly. People bought more tin foods than usual. People now no longer cook even they now rely on restaurants to order take out. Although restaurants and food businesses around the country are not left out of the economic effects of COVID-19. Because public safety is the number one priority for all, many restaurants and eateries have taken the decision to close indefinitely, while others have chosen to only operate delivery services.

CONSUMER BEHAVIOR

Fast food is thriving—for now

Interestingly, 38 percent of consumers said that they've been visiting quick service restaurants more in the past week, possibly as an alternative to sit-down restaurants.

Franchises with the highest increase in visits include:

- McDonald's: 58 percent
- Dunkin' Donuts: 40 percent
- Burger King: 38 percent
- Starbucks: 36 percent
- Wendy's 35 percent
- Chipotle: 35 percent

4. Quarantined living preparation: Increased online shopping decreased store visits and first signs of strain on the supply chain. In theory, online stores of all sizes stand to benefit from the switch of consumer behavior to online shopping since they are already well-positioned to serve the increasing demand for goods and services. If you are an online retailer, you have the benefit of being open to remain open for business. Some businesses will likely see an increase in sales during this time, while others may experience a negative impact due to difficulties in getting product or a lack in demand.

However, there are challenges. Ecommerce is not a magic bullet in itself, and MorningStar cites issues with adoption (especially amongst lower-income consumers) as a dampening effect against any uplift in sales. There are also issues with the supply-chain and product delivery, with companies already starting to be clever about resolving them through innovation.

Perhaps an even more limiting factor for businesses will be the level of readiness of their ecommerce offering. If their online platform is not capable of offering a competitive user experience, the chances are it will fail to entice, impress or retain customers.

Ensuring that your ecommerce site or app is optimised and ready will be critical in the success of your online offering, and how competitive you can be in an increasingly competitive landscape.

Fortune states that:

CONSUMER BEHAVIOR

- “companies with robust e-commerce offerings ... will fare the best in the current turmoil”
- “analysts agree that retailers still playing catch up on e-commerce will be the biggest losers”
- “retailers with good sites will lose the least”

Those are pretty stark warnings, and it's clear that companies need to ensure that their sites are more than just good. They need to deliver the best ecommerce experience possible. To start with, they must be discoverable via search engines at the time their customers wish to make a purchase, and once customers are on the site the ecommerce platform must be responsive and meet or exceed customer expectations. Online, the world is changing just as fast as offline. In early March 2020 The Drum reported on research that shows that, while annual advertising growth rates in China are predicted to fall from 7% growth in 2020 to 3.9%, ecommerce advertising spend is predicted to grow by 17.7% and social media spending to rise by 22.2%.

This seems to reflect the changes in consumer behaviour as they switch from buying offline to buying online. They also show that as people are spending more time at home, brands have responded by shifting spend from offline media to online, with 14% reporting this course of action.

In the same piece of research, they go on to state that “e-commerce as a platform has already seen exponential growth, especially in FMCG which saw spending through e-commerce channels in China grow almost seven times as fast as the sector overall in 2019; a trend that the coronavirus outbreak is likely to accelerate.”

Checking the **research published by Business Insider Intelligence and eMarketer analysts in March 2020,** which suggests that ecommerce is likely to grow as consumers avoid physical stores. Their data suggests that **74.6% of US internet users** said they'd be likely to avoid shopping centres and malls if the coronavirus outbreak in the country worsens, and over half would avoid shops in general.

Also a **new study from Ipsos MORI from mid-March 2020** reveals that **50% of Chinese and 31% of Italian** consumers say they're now using ecommerce 'more frequently'. In contrast, only 18% of UK respondents said that they were using online stores more frequently, with close to half reporting there was 'no change' in their ecommerce habits. However, now that the UK is in

CONSUMER BEHAVIOR

lockdown these statistics are likely to change dramatically, probably trending towards the figures seen in other countries with more advanced COVID-19 issues.

While the types of goods people need might change due to their circumstances, the need to purchase these somewhere will remain, and we will likely see a general switch to online shopping.

5. Restricted living: Possible price gouging due to limited supplies and deterred online fulfillment: like I stated in my point 2, the prices of food items have been tampered with and hiked, stores now offer now hike their process due to the covid-19 outbreak.

6. Living a new normal: Increased health awareness even as people return to their typical daily activities, people are now aware of the hazards of eating things that are hazardous to the immune system, with this the people will result to buying healthier meals that will help build their immune system. We might be cautious about frequenting crowded or closed in places like cinemas and stadiums or even public transport. Probably the popular Malaysian habit of the weekend stroll around crowded malls with baby in tow might change to families staying home to enjoy quality time together. Social distancing may hopefully condition us to institutionalise the practice of queuing up. Most certainly, the way we eat with friends will change for fear of contagion. Eating out would soon mean making sure the facility is squeaky clean. Forget visiting that legendary mama put near your house or that local ice cream seller who goes from one neighborhood to the other.