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COURSE CODE: BUS 208

QUESTION: IN NOT LESS THAN 2000 WORDS, EXPLAIN EXPLICITLY HOW THE PANDEMIC (C0VID 19) HAS AFFECTED CONSUMER BUYING BEHAVOUR.

**What is Covid 19?**

Corona virus disease 2019 (COVID-19) is defined as illness caused by a novel corona virus now called severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2; formerly called 2019-nCoV), which was first identified amid an outbreak of respiratory illness cases in Wuhan City, Hubei Province, China.It was initially reported to the WHO on December 31, 2019. On January 30, 2020, the WHO declared the COVID-19 outbreak a global health emergency.On March 11, 2020, the WHO declared COVID-19 a global pandemic, its first such designation since declaring H1N1 influenza a pandemic in 2009.

Illness caused by SARS-CoV-2 was recently termed COVID-19 by the WHO, the new acronym derived from "corona virus disease 2019.” The name was chosen to avoid stigmatizing the virus's origins in terms of populations, geography, or animal associations.

**What is consumer buying behavior?**

Consumer Buying Behavior refers to the actions taken (both on and offline) by consumers before buying a product or service. This process may include consulting search engines, engaging with social media posts, or a variety of other actions. It is valuable for businesses to understand this process because it helps businesses better tailor their marketing initiatives to the marketing efforts that have successfully influenced consumers to buy in the past. Buying behavior can be described as the set of attitudes that characterize the patterns of consumers’ choices. Buying behavior is a phenomenon that varies depending on a wide range of factors, such as: demographics, income, social and cultural factors. Apart from the essential internal factors, which can be recognized as influential to buying behavior, there are a number of situational contexts that can be suggested to affect consumer choices.

There’s no doubt that the crisis caused by the global Corona virus (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 behaviour 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.

**Consumers shop differently during COVID-19 pandemic**

COVID-19 is having a major impact on every aspect of life, and shopping is not exempt.

According to a new survey of 1,000 consumers from marketing technology and consumer engagement firm Valassis, half of respondents have reported changing their online shopping behavior during the COVID-19 (corona virus) pandemic. This figure includes 42% who are shopping online more and 8% who are shopping online less.

One in 10 respondents has tried buy-online-pickup-in-store (BOPIS) for the first time, while 13% have increased the frequency in which they’re using it. Three in 10 haven’t used BOPIS yet, but may consider it.

Nearly half (46%) of consumers have changed their social media usage during the pandemic. Thirty-nine percent are on social media more during the corona virus pandemic, while 7% noted they are using it less.

The pandemic is also prompting some consumers to increase their usage of delivery services. Fourteen percent of respondents have used grocery delivery services for the first time, while 13% have increased the frequency in which they are using the service. Another 32% have not used grocery delivery yet, but may consider it.

And 10% of respondents have used restaurant delivery services for the first time, while 14% have increased the frequency in which they are using the service. Another 27% have not used restaurant delivery yet, but may consider it.

Looking at how the pandemic is affecting consumer behavior in regard to restaurant carry-out, 12% of respondents have ordered carry-out from a restaurant for the first time, while 19% have increased the frequency in which they are using it. More than one in five (22%) have not ordered carry-out yet, but may consider it.

While the corona virus pandemic isn’t completely upsetting brand loyalty, survey results indicate some buying behaviors have shifted. Close to half (48%) of respondents are continuing to purchase the same brands they always do, while 21% are purchasing a mix of their usual brands, as well as new brands.

In addition, 13% of respondents are taking the opportunity to discover new brands, while 19% are feeling less brand loyal and purchasing whatever brand is available. The majority of respondents (87%) appreciate brands that go out of their way to deliver relevant and timely information during the corona virus pandemic. This includes 46% noted they “strongly agree,” with another 41% somewhat agreeing.

Just over half of respondents expect to adopt new shopping behaviors as part of their routine in the future, after the threat of corona virus clears, while 48% don’t expect to adopt new shopping behaviors following the pandemic.

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 Corona virus 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 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.

In countries heavily impacted by COVID-19, consumers are stockpiling food and other essential items, while isolating themselves from crowds. To find out how and when consumers started showing these behavioral changes, Nielsen[**1**](https://www.nielsen.com/us/en/insights/article/2020/key-consumer-behavior-thresholds-identified-as-the-coronavirus-outbreak-evolves/) conducted shopper behavior research that started during the beginning of the pandemic in China and extended to other countries that have also been affected. 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)

3. **Pantry preparation:** Higher purchases of shelf-safe products and increased store visits

4. **Quarantined living preparation:** Increased online shopping, decreased store visits and first signs of strain on the supply chain

5. **Restricted living:** Possible price gouging due to limited supplies and deterred online fulfillment.

6. **Living a new normal:** Increased health awareness even as people return to their typical daily activities

The study also found out that consumers typically moved from one stage to another in a period of two weeks in areas close to the initial outbreak. However, this happened much faster in other countries where the outbreak started later, such as Italy and the US.

Currently, the only country where consumers are starting to transition to the sixth stage is China, while the US has begun to move towards restricted living. So, what kind of possible long-lasting consumer behavior shifts can we expect as a result? It’s still too early to tell, but clear trends can be seen, which, if sustained, could lead to significant shifts in how consumers shop in the future.

Besides natural and un-natural (unforeseen accidents) death, disease is probably the most terrifying intimation of mortality. With its invisible nature, there is nothing we can do to defend ourselves, especially when we cannot ‘see’ the enemy. Losing control of our life and future can be terrifying, so it is very likely that we’d experience a great sense of shock, as well as becoming anxious and agitated.

In the beginning of this outbreak, COVID-19 only affected China and it forced the population to stay in confinement in order to contain the spread of the virus. This new virus was unknown to most people, but as far as we knew, it could spread easily and quickly. As the death toll dramatically increased every day, the level of stress and anxiety increased along with it. As a result, this triggered many irrational fears in people, and it’s reflected in their consumption behaviors.

One example is people fighting over toilet paper as reported in the news. As the situation is unstable and nobody knows when this epidemic will end, our survival instincts kick in. The stock up of food, masks, hand sanitizer, and hygiene related products is understandable as people are trying to buy whatever that helps them to ‘survive’. However, toilet paper has little use in survival situations and it’s not something we can eat to stay alive.

Many years ago, Concept M did a global research study on the topic of toilet paper and we discovered several interesting interpretations. Firstly, the softness of toilet paper reminds consumers of their childhood safety blanket. This is a universal phenomenon. Almost every young child has a security blanket and the softness can provide them with a certain level of comfort. It is also often used as a transitional object to help them deal with separation anxiety. However, the ‘security blanket’ is also embedded with symbolic meanings, such as emotional stability and safety. Secondly, toilet paper has a very basic function of cleaning – it is mainly used to clean up the ‘mess’ we produce. The process of cleansing is particularly interesting. Ancient people often associated diseases with many symbolic meanings, such as the lost/stolen soul, the activation of evil spirits and impurity. They would use rituals to ‘cleanse’ themselves from these diseases. Now, with COVID-19, toilet paper has become the method to ‘cleanse’. The need to stay clean (virus-free) is much stronger and verging on paranoia. Perhaps, toilet paper may not prevent viral infection but at least it can provide a chance to keep oneself ‘clean’ on a psychological level. During this critical time, the need for comfort, safety, and stability increases dramatically. However, they have unconsciously acted on their fears through these irrational purchase behaviors because they have not consciously processed their anxiety by talking to family members, friends or professionals.

Besides these extreme cases, there are also some interesting but less radical consumer behaviors as a result of COVID-19. In our in-depth online/phone qualitative interviews with Chinese respondents, we discovered that the confinement period has provided them with some time to reflect on their life, work, relationship, and even their previous purchase decisions. This was particularly true for the impulsive buyers. Several consumers shared their stories and it was very interesting. Initially, they were attracted by the product design because it looked fancy and high-tech. However, during this confinement, they have more time to clean up their apartment and realized that the products they have bought are oversized (which something they never considered before), way too complicated and hard to clean. They are quite frustrated by this experience and have started to form a different opinion about the brands they used to be fond of. Obviously, this PAUSE in time has helped them to rethink the meaning of ‘support’ and ‘interaction’.

Another example is the change to consumer’s online purchase behaviors. Personal health and well-being have become people’s top priority after the outbreak. Instead of relying on take away food which can be expensive and unhealthy, many people are starting to prepare their own meals at home. During this period of confinement, people are encouraged by the government authorities to stay home and to stay away from crowded places (e.g. supermarket).  As a result, online fresh food and fruit suppliers have become extremely popular. Consumers are able to receive their grocery within 1 to 4 hours after placing their order. Most of them appreciate the opportunity to stay home but at the same time, can still receive fresh food supplies daily. In addition to this, online purchase brings them a sense of control and stability. Knowing that they still have control in certain ways (e.g. picking and choosing products), provides them with a sense of certainty and normality, especially during these extreme and uncertain circumstances caused by COVID-19.

In summary, COVID-19 has shed a very different light on our daily lives. It challenges our body and mind, as well as questioning our way of living. Life will slowly get back to normal, but these experiences leave us with a very important lesson as we reflect on our choices and decisions. In saying that, we know one thing is for certain: online grocery shopping not only provides Chinese consumers with a sense of control but most importantly, a sense of normality in the face of crisis.