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MATRIC NO: 18/LAW01/111

COURSE CODE: BUS 208

COURSE TITLE: CONSUMER BEHAVIOUR II

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QUESTION:

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

What is COVID 19?

Coronaviruses are zoonotic, meaning they are normally transmitted between animals and people. The coronavirus disease (COVID-19) is caused by a new strain of coronavirus (SARS-CoV-2) that has not been previously identified in humans. It was first reported to WHO on the 31st of December, 2019 in Wuhan, China. . When the epidemic peaked in China 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.

HOW DOES COVID 19 AFFECT THE ECONOMY?

The COVID-19 pandemic has pushed the world into a recession. For 2020 it will be worse than the global financial crisis. The economic damage is mounting across all countries, tracking the sharp rise in new infections and containment measures put in place by governments.

China was the first country to experience the full force of the disease, with confirmed active cases at over 60,000 by mid-February. European countries such as Italy, Spain, and France are now in acute phases of the epidemic, followed by the United States where the number of active cases is growing rapidly. In many emerging market and developing economies, the epidemic appears to be just beginning.

In Italy, the first country in Europe to be severely hit, the government imposed a national lockdown on March 9 to contain the spread of the virus. As a result, attendance in public places and electricity use have declined dramatically, especially in the northern regions where infection rates have been considerably higher.

The economic consequences of the pandemic are already impacting the United States with unprecedented speed and severity. In the last two weeks in March almost 10 million people applied for unemployment benefits. Such a sharp and staggering increase has never been seen before, not even at the peak of the global financial crisis in 2009.

Disruptions caused by the virus are starting to ripple through emerging markets. After showing little movement early in the year, the latest indices from purchasing manager surveys (PMIs) are pointing to sharp slowdowns in manufacturing output in many countries, reflecting drops in external demand and growing expectations of declining domestic demand. On a positive note, China is seeing a modest improvement in its PMI after sharp declines early in the year, despite weak external demand.

Analysts say Nigeria's economy could be headed for a recession by the end of this year on the back of the massive decline in crude prices caused by the Coronavirus pandemic. Danilola Akinbami, head of research at financial derivatives

This pandemic has no doubt created difficulty in business communication. It also created a difficult climate for business. The business world is faced with a lot of new challenges everyday such as the international borders being closed and little business places are forced to isolate in the fear of the spread of corona virus. Because of the fast spread of corona virus many large companies are forced to permanently or temporarily close down their companies causing management of financials.

Consumer behaviour has been forced to immediately change on a great scale. It has greatly affected the local shops in the sense that they cannot perform their daily or usual routines. This pandemic caused and encouraged panic buying of things in bulk. The fear of financial uncertainty and long term recession has led to an impact on consumer thinking and behaviour.

The outbreak of corona virus has a major impact on daily life and consumer behaviour also in china. When the epidemic increased in china, it led to lockdown of regions and cities and almost 500 million people were quarantined and a decline in production. Because of the negative social and economic impact, the outbreak quickly led to an adjustment in people's behaviour from fear to action to cope with unexpected situations and a change in daily activities from online to offline.

Online the world is changing just as fast as in reality. Around March, the drum reported a research which exhibited the yearly growth rates in china which fell from 7% growth in 2020 to 3.9%. As the novel corona virus (COVID-19) sweeps the world, consumers are being forced to dramatically change their purchase behaviors. A Nielsen investigation has identified six key consumer behavior threshold levels that tie directly to concerns around the COVID-19 outbreak. The thresholds offer early signals of spending patterns, particularly for emergency pantry items and health supplies, and we are seeing these patterns being mirrored across multiple markets. As the virus' reach widens, governments are implementing stricter regulations sooner, sending consumer behavior speeding through or even skipping these thresholds. While many markets are still in the middle of this global pandemic, there are some early signs that our consumer habits will be forever changed by COVID-19. Three critical accelerators intersect with the six consumer thresholds and will fast track long-term behavioral shifts. We've identified a few ways businesses can prepare for shifting consumer demands as markets move through the six thresholds.

Coronavirus has affected hundreds of thousands of people, and the growing impact on the global economy calls for business leaders to take a lead in providing solutions on the evolving situations and implications of Covid-19 in the business sector. The question of whether the economy goes into a recession might be determined by the way Nigeria and the rest of the world reacts to the outbreak, leading companies and businesses like MasterCard, Microsoft and Apple have revealed how the virus is affecting consumer behavior, in Nigeria, particularly in Lagos, described as the fastest growing city in Nigeria, everything is slowing down by the day, schools are shut down, private companies closed, markets and stores except those food sellers and drugs closed 26th of March 2020.
Negative records have been the norm. Oil prices hit a 17 year low, the Dow Jones - an index for the largest US companies - had its worst day since 1987, and manufacturing expectations dropped faster than ever in Germany and China.

The global situation is clear and it's already had its impact on Nigerian trade and oil earnings. However, regardless of the global situation, matters get worse when the virus lands on a country's soil. It's not just about economic indicators anymore, business and consumer behaviour change drastically. Wherever COVID-19 has travelled, economic slowdown has followed.

Last two weeks, Nigerian businesses and consumption were relatively normal but things changed quickly this week. With 51 cases and social distancing policies being announced, the economy is going to slow. So how should the government keep the economy afloat? Well, let's see what we can learn from the rest of the world. No worries though, in usual fashion, the Central Bank of Nigeria (CBN) came in to fill the gap. They came with three responses in the last week.

When oil prices fell to $30 per barrel, expectations and rumours began of a potential naira devaluation. This, including the fear of a potential dollar scarcity led to a rush for forex on the parallel market. As everyone tried to dump the naira for dollars, the value of the naira weakened, leading to an increase from $1 = ₦360 to $1 = ₦410.

Then came the CBN's first response. It wasted no time. We all remember the struggle the last time one dollar was over ₦400.

In the late hours of Thursday night, the bank put out a statement to categorically deny any plans of a devaluation and then proceeded to pump some dollars into the system. The parallel exchange rate has now settled around $1 = ₦380.

Oil prices then tumbled further and Nigeria, after celebrating zero live coronavirus cases, got its third COVID-19 patient. Now, the CBN realised that it had to do more than release statements, action was required.

At this point, remember that the impact of the coronavirus is through its ability to freeze up consumers and businesses, and therefore slowing the economy.

To combat that, the CBN introduced six policies, which essentially eased borrowing conditions for small and medium-sized businesses currently under their many intervention funds. They reduced interest rates from 9% to 5% and extended the loan repayments by a year. The main beneficiaries are farmers under schemes such as the Anchor Borrowers Program and other SMEs in sectors such as textiles and the power.

The bank also included healthcare and any coronavirus impacted businesses to its intervention fund privileges. Lastly, it announced ₦50 billion in credit to support businesses and work with banks to continue lending to the "real" sectors. For context, in 2018, during normal times, the CBN loaned out ₦118bn to farmers. According to Amperity COVID-19 Retail Monitor, who tracked consumer behavior across categories and channels from 100 North American retail brands, overall retail demand is down 90%. The losses are mainly driven by closure of retail stores, however online revenue is also down 74%.

It isn't all doom and gloom though as the Health & Beauty has shown consistent growth of 19.28%. There has been a considerable shift towards higher-priced products in health and beauty, which has led to the sector's strong performance. Food & Beverage declined by 20.38% after panic-buying slowed down. Social sees 2-day improvement, overtaking email as the most resilient non-organic marketing channel.

Readiness of the health system to navigate recurrence. As authorities begin to think about what’s needed to navigate a post peak environment, the public-health tools deployed will have a different emphasis from today’s focus in Europe and the United States. They will include at-scale testing, sophisticated real-time surveillance, rigorous contact tracing, and rapid, targeted quarantine to isolate cases and contacts. This mix of tools is how Korea, Singapore, and Taiwan have rapidly contained COVID-19. An antibody test would be a powerful tool in this arsenal, since it would show which people are at risk and which aren’t. Even as public-health authorities negotiate an unprecedented period of demand on the health system, they will need to design and build systems to prevent resurgence of the disease as we pass the peak.

Emergence of herd immunity. Herd immunity occurs when a sufficient portion of the population isn’t susceptible to an infectious disease; at that point, transmission doesn’t propagate, for lack of available hosts. It typically occurs through either widespread exposure or immunization. With a disease as infectious as COVID-19, experts believe that more than two-thirds of the population would need to be immune to create herd immunity.1 But there’s much that we don’t know about the possibility of multiple strains of the virus—and about the duration of human immunity. Answering those questions will have important implications for the course of the pandemic.

Support and protect employees in this brave new world. Many institutions have put basic protections in place for their employees and customers. Companies have activated no-travel and work-from-home policies for some workers and physical-distancing-at-work measures for others. The challenge is evolving. For remote workers, interruptions are more frequent than in the office. Making a mental separation from a sometimes-chaotic home life is tough. Workers are finding that they don’t have the skills to be successful in an extended remote environment, from networking to creating routines that drive productivity. They worry that staying remote could make them less valuable, especially in a recessionary environment. Support and protect employees in this brave new world. Many institutions have put basic protections in place for their employees and customers. Companies have activated no-travel and work-from-home policies for some workers and physical-distancing-at-work measures for others. The challenge is evolving. For remote workers, interruptions are more frequent than in the office. Making a mental separation from a sometimes-chaotic home life is tough. Workers are finding that they don’t have the skills to be successful in an extended remote environment, from networking to creating routines that drive productivity. They worry that staying remote could make them less valuable, especially in a recessionary environment.

Basically, Nigeria is at great loss because, we rely mostly on oil and importation. At this point of the pandemic most countries decided to keep their borders closed to avoid the virus from spreading to their countries.