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**Question**:

1. In not less than two thousand (2000) words, explain explicitly how the Pandemic: Corona Virus (COVID 19) has affected consumer buying behaviour.

**Answer**:

The reality of the Corona Virus pandemic took the world by surprise. People all over the world are still trying to adapt to the idea of continued and extended indoor break. And so, by implication everyone is avoiding visiting shops, stores, market places and all public outdoor vicinity. The question now is, how people manage to get basic things they need for survival and has the current situation changed the approach of individuals in purchasing goods? And, will this regulation establish new behaviours in consumers?

In countries deeply impacted by Corona Virus, consumers engage in panic buying and then hoard food stuff and other basic items considered necessary for living, while quarantining themselves from crowd. Nielsen1 conducted a shopper behaviour research which started at the beginning of the pandemic in China and then extended to other countries that have also been affected. He monitored consumer trends as the pandemic news reached the public and found out that consumers go through six (6) behavioural stages based on their awareness of the Corona Virus spread in their communities. These stages are as follows:

1. Proactive health-minded buying: during this stage, consumers have increased interest in the purchase of products that may help maintain well-being or health.
2. Reactive health management: here, consumers learn to prioritize products for infection containment. Like, face masks and hand sanitizers or washes. They try to make purchases in order of reference which will thereby help to manage available resources.
3. Pantry preparation: consumers begin to make higher purchases of shelf-safe products and visit stores. There will be increase in purchase of products that have longer shelf life seeing as there is no certainty as to the end of the pandemic.
4. Quarantined living preparation: online shopping becomes the order and by implication, decreased store visits are first signs of strain on the supply chain. Major products for survival sell out fast from stores as a result of panic buying.
5. Restricted living: Possible extortion due to the limited supplies of goods and prevented online discharge of goods.
6. Living a new normal: Increased health awareness even as people return to their typical daily activities. Usage of hand sanitizers and face masks has become the norm and is no longer viewed as unnecessary.

The study also found out that consumers typically move from one stage to another within 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 behaviour shifts can we expect as a result? Though it is still too early to tell, but clear trends can be seen, which, if sustained, could lead to major changes in how consumers make purchase in the future.

When consumers are faced with shopping restrictions, they find and adopt new ways to make purchase of goods through technology. This is particularly true when it comes to health and essential items. In 2019, the online grocery shopping market generated about $28.68 billion of a 20% increase from 2018. Despite this growth, food and beverages were still one of the smallest e-commerce categories. Last year, it was mostly the younger population segment that tried online grocery shopping, with 55% of 25-34 year olds in contrast to only 35% of 45-54 year olds expressing the same sentiment.

However, due to the pandemic, older generations are starting to see online shopping as a valid and safe option to obtain groceries. For example, the Alibaba group of Company reported that in China, online grocery orders placed by people born in the 1960s were four times higher than normal during the Spring Festival or the period when China was still discovering new cases of Corona Virus each day. With so many consumers entering restricted living situations, there has been confounding ratings in other categories of living, especially in entertainment and media. That is not surprising because staying home increases the amount of content people watch by 60%. Video games and video-game internet traffic have seen a 75% increase since restrictions were imposed in the US. And of course, not everyone is seeing the increase in traffic or purchase. In fact travel sites are experiencing the opposite.

Examining all these changes, do they imply a shift in consumer behaviour at the long-run? If the holidays are any indicator, even short-term adjustments in consumer behaviours can have long term effects either partially or totally.

For example, during holidays, there’s an increase in the number of consumers purchasing online through their mobile devices. We then see this behaviour being sustained as new holiday seasons roll in, which means new habits have been established.

Despite the rise in e-commerce activities due to the pandemic, most retailers have a bleak outlook for the rest of the year. This is because e-commerce typically represents only about 6-7% of their sales revenue. With many stores shutting their doors, it is in the best interest of businesses to maintain and grow their e-commerce strategy.

As the population of most countries starts to move from quarantine preparations to restricted living, online discharge will be challenging due to strains in the supply chain. This has prompted many consumers to turn to Direct to Consumer (D2C) manufacturers to order and receive goods within a normal timeframe. These “Direct to Consumer” manufactures are a growing segment that caters directly to consumers by passing standard distribution channels and effectively gaining direct access to consumers. Several of these manufacturers have seen a significant boost in sales due to the pandemic. Awareness of Direct to Consumer manufacturers has increased in the last few years, with almost 48% of manufacturers racing to build Direct to Consumer channels, and 87% seeing these channels being relevant to their products and consumers. Direct to Consumer manufacturers which were initially boosted by the younger audience has found success by focusing on specific target audiences and catering to their needs and identities. This Direct to Consumer trend is expected to continue, and perhaps accelerate, as manufacturers that are still on the fence might finally see the benefits of Direct to Consumer and make their selves directly available to consumers.

However, even Direct to Consumer manufactures that have found themselves positively impacted by the Corona Virus pandemic will be affected by supply chain issues as consumers start living in quarantine. This means they can’t afford to stand idle and must by all means find a way to maintain their e-commerce growth once the pandemic is over as well.

The task of continuing to entice consumers to shop online, for both retailers and Direct to Consumer manufacturers, is grounded on trust in order to foster lasting loyalty. However, building trust, especially in these extreme situations, means more than meeting expectations, but exceeding them. To do so, here are some important approaches to keep in mind:

1. Ease the transition: Make it as easy as possible for consumers to switch to online shopping. Provide flexible payment options. Ensure that the online platform used to make purchase is user friendly. Make it easy for consumers to find what they need. This is especially true for consumers who are moving to emerging e-commerce categories, such as groceries, for the first time.
2. Manage expectations: Display accurate stock level information especially for sought-after goods. This includes communicating realistic estimates for delivery and even re-evaluating display advertisements so that consumers don’t feel misled by services you can’t provide.
3. Foster comfort: Ensure that customers feel confident that their goods will be delivered on time. Encourage them to sign up for subscription services, whether through preferential pricing or other promos to help them feel safe that they will receive their products without delays.
4. Leverage promos and loyalty programs: In times of crisis, consumers are not very price sensitive. However, making price discounts and promotions available, like free shipping / delivery, helps nurture goodwill. Thereby increasing loyalty points and reward programs and then encourages customers to stay long term.
5. Prioritize customer care: Increase communication skills to foster a relationship with your customers, as they may feel isolated at this time. Set up a hotline to address any questions or concerns, as well as make sure their comments or reviews online are heard, to maintain a lasting positive image with consumers. Remember that consumers are spending more time online and rely on reviews to make purchasing decisions.

As said earlier, it is still too early to tell how greatly consumer behaviour will change due to the Corona Virus (COVID-19) pandemic. Therefore, it will be a while until we know if these changes in consumer behaviour will play on at the long run.