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Question; in not less than 2000 words, explain explicitly how the pandemic COVID 19 has affected consumer buying behavior.

Corona virus disease is an infectious disease caused by a newly discovered corona virus. It originated from Wuhan, China in December 2019. The corona virus family causes illnesses ranging from the common cold to more severe diseases such as severe acute respiratory syndrome (SARS) and Middle East Respiratory syndrome (MERS), according to the WHO. They circulate in animals and some can be transmitted between animals and humans. Several corona viruses are circulating in animals that have not yet infected humans. The new corona virus, the seventh known to affect humans, has been named COVID 19. COVID 19 can be transmitted from person to person when small droplets from the infected persons nose or mouth lands on surfaces, objects or anything the person touches, this is where social distancing comes in, social distancing is very important as an uninfected person can breathe in droplets of spit from the infected person and get infected. And so because of this, the Presidency of Nigeria announced lockdown for some states so as to curb the rapid spread of the corona virus, because of this lockdown which means that no one should move around the state, people are stuck in their houses and this is really affecting consumer buying behavior.

This pandemic facing the world is really challenging and is shaking up global economies, pushing healthcare systems to their limits, and up heaving people’s daily lives. One very noticeable impact of the outbreak is its influence on how and what people purchase. This is having a knock-on effect on various industries and key groups. Instead of reducing all expenditures, the buying habits of consumers have changed. The outbreak of the COVID-19 virus has had a major impact on daily life and consumer behavior in China and other countries. 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.

First of all, consumer behavior can be defined as the study of individuals, groups, or organizations and all the activities associated with the purchase, use and disposal of goods and services, including the consumer’s behavioral responses that precede or follow these activities. This pandemic has really affected consumers buying behavior because consumers are stuck at home and so they cannot go out to get the things they need, some of them are even forced to buy their things wholesale so as to stock up. Also a lot of small scale shops that sell just basic things have been forced to close down by the government and it has really affected consumers. According to blog.globalwebindex.com, ‘’Many of us are now familiar with the sight of empty supermarket shelves, devoid of the essentials we usually buy. Fear has undoubtedly taken over consumer’s usual shopping behaviors. Pasta, toilet rolls, hand sanitizer, and other long-life foods are just some of the products that consumers have been loading up on in recent weeks’’, it can be seen that people have stock up their houses because of this pandemic.

As governments and organizations continue to work toward containing COVID-19 and stemming the growing humanitarian toll it is exacting, consumers globally are feeling its economic effects. European countries are the least optimistic, while China stands out as the most optimistic country, having been the first to weather the worst of the pandemic’s effects. As countries move through the contagion curve, there are pockets of increasing spending even as consumers universally pull back on discretionary spending. Online buying has jumped almost everywhere, but that shift has not come close to offsetting the overall reduction in spending.

Chinese consumers’ optimism results in a net increase in expected future spending, a situation also observed in Indonesia, Nigeria, and India. Other countries, including Brazil, Japan, and Portugal, have relatively low optimism but still expect to increase spending—potentially due to stocking-up behavior driven by stay-at-home orders. Most European consumers (including those in Italy, Spain, France, and the United Kingdom) are less optimistic and, as a result, expect to spend less. While US consumers are more optimistic, they match European consumers’ reluctance to spend.

Consumers are universally and dramatically pulling back on most discretionary spending. Some of the categories showing the most precipitous decline include restaurants, apparel, footwear, accessories, travel, and entertainment out of home. This behavior is consistent with large-scale shelter-in-place orders around the globe as well as consumers’ stated expectations of reduced spending.As countries progress along the contagion curve, there are pockets of increasing spending. Chinese consumers are beginning to spend more across a few categories outside of basics, including pet-care services and fitness and wellness. Their shopping habits before, during, and after the COVID-19 peak show that shopping behavior after the peak resulted in more than 30 percent lower traffic but larger basket sizes for food purchases, and depressed traffic and consumption for apparel and department stores (40 to 50 percent below pre-COVID-19 levels). In South Korea and Indonesia, food takeout and delivery is showing positive momentum.

Most consumers globally expect to spend less time working and more time consuming entertainment, including digital and video content, news, and social media. A notable exception is China. As it emerges from the worst effects of the pandemic, consumers plan to spend more time back at work.

Also, according to Helen Dickinson, Head of the British Retail Consortium, “There’s **£1bn** more food in people’s houses than there was three weeks ago”. Retailers are facing the level of demand that’s typically seen around Christmas time, which unlike now, is expected and they have time to plan for. Many retailers say they have **enough** food supplies, but they’re struggling to get items into stores as fast as consumers are purchasing them. This has left many supermarkets in the UK, such as Tesco and Waitrose, with no option but to **limit** the amount of items a person can purchase. And the UK government is urging consumers to **shop responsibly** and to be considerate of others. Many UK retailers have also implemented dedicated shopping hours for elderly, vulnerable groups, and NHS medical staff to allow them to get the items they need.

 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. Essential services/items are harder to come by nowadays due to this pandemic too.

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, A Nielsen investigation has identified six key consumer behavior threshold levels that tie directly to concerns around the novel corona virus (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.

Correlating COVID-19 news events, such as public health announcements and government press conferences with consumer spending on items such as hand sanitizers and shelf-stable foods, reveals a series of recurring patterns. These patterns (though still evolving), when reviewed across impacted countries, help provide a set of leading indicators for packaged goods manufacturers and retailers faced with supply issues as they race to meet record levels of demand and changing purchase habits. The six threshold levels, based on early indicators across markets (though at different times as the virus outbreak evolves at different rates in different geographies), are detailed below. Each one correlates with different levels of consumption, but there are some common timing elements, which are primarily driven by news cycles.

 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, due to the pandemic, older generations are starting to see online shopping as a valid and safe option to obtain groceries.  For example, Alibaba 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 were China was still discovering new cases of COVID-19 each day.

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.

So, do these changes signal a shift into how consumers will behave in the long term? If the holidays are any indicator, even short-term adjustments in behavior can have long term effects. For example, during holidays, there’s an increase in the number of consumers purchasing online or on their mobile devices. We then see this behavior being sustained as new holiday seasons roll in, which means new habits have been established.

It’s still too early to tell how much consumer behavior will change due to the COVID-19 pandemic. However, it will be a while until we know if these changes in consumer behavior will be long term.

In conclusion, while the world is still reeling from the effects of the Corona virus pandemic, consumer behavior is being forced to change and shoppers are increasingly moving online. E-commerce sites are in a position to be able to capitalize on this, but only if they are able to be found by customers in the first place.

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