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BUS 208

CONSUMER BEHAVIOUR.

**IN NOT LESS THAN 2000 WORDS, EXPLAIN EXPLICITLY HOW THE PANDEMIC(COVID 19) HAS AFFECTED CONSUMER BUYING BEHAVIOUR.**

 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 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 behaviours.

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.

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.

 **COVID 19 IS ALREADY IMPACTING BUYER BEHAVIOUR**

 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.”

2. As concern regarding Coronavirus grows, impact on consumer behavior begins to slow or stabilize in many regards. With the majority of the country now under stay-at-home orders— set to continue through the month of April— consumers are settling into a “temporary normal” that includes regular trips / online orders to replenish necessities and little else.

Although most non-essential businesses have closed their doors, consumers are still holding tight to some familiar behaviors, including eating out— though restaurant traffic is down significantly, the majority of consumers are still making occasional take-out or delivery orders to supplement their in-home eating behavior.

**9 in 10 consumers have changed their shopping behavior as a result of Coronavirus**

On the 2nd of April, 89% of consumers said their shopping behavior had been impacted by Coronavirus, only marginally higher than last week’s 88%. We expect this number to stay relatively consistent until stay-at-home orders are lifted. Impact among Gen Z’ers declined slightly versus last week, but all other generations showed higher levels of impact, older consumers most significantly.

**Shoppers settle into new normal as product shortages and stock-up behaviors decline**

The most frequently cited impact on shopping behavior continues to be product shortages, but the number of consumers reporting this impact declined for the first time this week. For the second week in a row, we also saw a decline in stock-up behaviors. Additionally, over half of consumers said they are delaying purchases of non-essential goods or services, and more than a third said stores they would otherwise go to are closed. All of these behaviors are indicative of the new — albeit temporary— normal in which we see consumers stepping back from non-essential activities and purchases.

**3 in 4 consumers visited a restaurant or ordered delivery/takeaway last week**

Although 61% of consumers say they are eating/drinking out less than before, the majority still made at least one purchase of a meal or snack outside of the home last week, and many plan to do the same next week. When asked about their likelihood of ordering from a restaurant or delivery service next week, 38.3% said they probably or definitely would. 24% mentioned they would do so for convenience or because they didn’t want to cook, and 13% mentioned supporting local or small businesses.

**Online delivery and click-and-collect services continue to attract new users**

13% of those who placed an online ship-to-home order in the past month indicated it was their first time ever or first time in the past six months doing so. About one-third of click-and-collect users were new or ‘new lately.’ Retailers should continue to prioritize and invest in their online and click-and-collect offerings, given their evident appeal in this time of social distancing.

**1 in 3 individuals are “very concerned” about Coronavirus**

Nearly all individuals surveyed indicated a level of concern regarding Coronavirus, with 90% rating themselves as at least “somewhat concerned (5/10).” The balance from week-to-week continues to shift higher; those who rated themselves as “very concerned (10/10)” jumped to 34% this week from 26% last week and 15% the week before.

**While overall concern grows, specific concerns center around physical and economic health**

Note: This week, we adjusted our survey questionnaire to be more representative of the concerns we were hearing from our panelists. As a result, we do not recommend comparing against previous weeks of our Coronavirus survey insights.

The top concerns this week were impact on the economy, inability to see friends and family, and becoming infected— self/member of household first, followed by someone outside of the household. Though these were the top concerns overall, when looking specifically at what individuals cited as their “primary” concern, becoming infected, economic impact, and impact on job security were the most prevalent.

Consumption or purchase-related concerns fell towards the middle of the list; inability to purchase basic necessities was cited by 52% of individuals, cancelling upcoming travel 42%, and inability to purchase other non-essential goods and services 37%. For most, these concerns were not of primary importance, as their main focuses were on both physical and economic well being.

In Nigeria, Almost half of the nigerian population have internet connectivity, supported by high mobile penetration, and as Africa’s largest economy Nigeria is one of the most prosperous consumer markets in Africa. Analysis of the consumer trends in the market is an ongoing area of interest for brands, financial institutions, and media agencies, so GeoPoll conducted a recent study to gather up-to-date insights about Nigerian consumers, ecommerce spending, and mobile money in the lead up to the holiday shopping season. Part 1 of this report will go over our research process, results around ecommerce and buying preferences, and GeoPoll’s insights into what this information could mean for your business.

**Nigeria’s Consumer Market**

Nigeria’s population was most recently estimated at 198 million people, which is close to 3 times the size of South Africa’s population and is the largest population in Africa. Lagos alone houses an estimated 21 million people and is [Africa’s largest city by population](http://worldpopulationreview.com/world-cities/lagos-population/).

Nigeria’s population skews young with a [median age of 20 years old](https://www.africon.de/wp-content/uploads/2015/12/FMCG-in-Nigeria-XCOM-Africa.pdf). [65 million people in Nigeria are 14 years old or younger](http://www.persianasgroup.com/the-market/overview-of-nigeria/), which points to an even larger consumer market to come in the next decade. The [middle class in Nigeria makes up 23% of the population](http://www.persianasgroup.com/the-market/overview-of-nigeria/) and has an estimated potential market value of over $28 billion USD, [which will only grow as the middle class expands over the coming years](http://www.persianasgroup.com/the-market/overview-of-nigeria/).

In 2017, Nigeria’s GDP was [375.77 in billions of US dollars](https://tradingeconomics.com/nigeria/gdp). The overall GDP Growth Rate for Nigeria is 2.90, the Annual GDP Growth Rate is 1.50, and the GDP Per Capita is 2412.41, according to [Trading Economics](https://tradingeconomics.com/nigeria/gdp). With this said, it is important to note the prevalence of informal trade in Nigeria. According to research conducted by [Business Chief](https://africa.businesschief.com/finance/1068/How-to-enter-Nigerias-booming-consumer-market), “87 percent of the trading in Nigeria happens in informal markets.” Informal trade is not tracked or included in overall Gross Domestic Product calculations, which means Nigeria’s economy is more prosperous than GDP alone can represent.

Today, businesses should be taking note of the Nigerian market due to the cash flow throughout the nation and the projected growth trajectory of the market. The largest population in Africa is in Nigeria and the majority of these people are young. As the economy continues to flourish and the population gets older, their buying power will continue to increase, and companies looking to expand could benefit from learning more about this powerful set of consumers.

A recent writer[Nielson report](https://www.nielsen.com/us/en/insights/article/2020/key-consumer-behavior-thresholds-identified-as-the-coronavirus-outbreak-evolves/?utm_source=sfmc&utm_medium=email&utm_campaign=newswire&utm_content=3-18-2020)’s highlights that there are key consumer behavioural changes that occur parallel to each stage of the virus’s evolution. Nielson identifies that these consumer changes are being mirrored by every country that is currently trying to flatten the curve. Nielson identified the following stages together with changes in consumer behaviour at each stage:

Stage 1 **Health-minded Buying:** Minimal localised cases of Covid-19 generally linked to arrival from another country; Consumer’s interest rises in products that support overall maintenance of health and wellness.

Stage 2 reactive health management: first local transmission with no link to other location and first covid-19 related deaths; prioritize products essential to virus containment, health and public safety.

Stage 3 **Pantry Preparation:** Multiple cases of local transmission and multiple deaths linked to Covid-19; Pantry stockpiling and shelf-stable foods and a broader assortment of health-safety products; spike in-store visits; growing basket sizes.

Stage 4 quarantined living preparation: localized covid-19 emergency action, percentage of people diagnosed positive continues to increase; severely restricted shopping trips, online fulfilment is limited, price concerns rise as limited stock availability impacts pricing in some cases.

Stage 5 **Restricted Living:** Mass cases of Covid-19. Communities ordered a lockdown; Severely restricted shopping trips, online fulfilment is limited, price concerns rise as limited stock availability impacts pricing in some cases.

Stage 6 living a new normal: covid-19 quarantine lifts beyond region/country’s most affected hotspots and life starts to return to normal; people return to daily routines but operate with renewed cautiousness about health. Permanent shifts in the supply chain, the use of E- commerce and hygiene practices.

 These Threshold levels 1-4 show predictable signs of spending from consumers. In other words, depending on what stage any particular country is in, there are signs that spending occurs in a common way that may make it possible to predict what might happen next at a country level.

Overall, the world is largely past the first two stages of proactive health-minded buying that drove only minor changes to sales patterns.

As news reports detailed the continued and quick spread of the virus around the world, consumers in many countries jumped to threshold level 3: pantry preparations - where countries such as South Africa and Kenya currently are. By this stage, consumers begin developing stockpiles of food and emergency supplies. These spending spikes lessen in the weeks after panic buying but spiked on subsequent news events or developments.

 According to Nielsen, in the coming days, he  will gain further visibility into how consumers behave during threshold levels 5 and 6. For example, Italy’s decision to lock down the country in a bid to stem a rising number of cases, for example, will be a key case study of how consumers react through the ‘quarantine living preparations’ and ‘restricted living’ thresholds.

McKenzie comments; “Similar to experiences in China, we anticipate difficulties in online order fulfilment and supply chain constraints affecting those both inside and outside Italy, as consumers contend with extended periods of isolation and lack of normal access to shops.

“The outbreak has already caused an array of changes in shopping behaviour and we’re focused on understanding the ones that will come next, how long they’ll last – and whether any will stay with us after the outbreak is behind us,” he adds.