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Consumer Behaviour DUE ON THE 25TH:

In not less than 2000 words, Explain explicitly how the Pandemic (COVID 19) has affected consumer buying behavior

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CORONA VIRUS AND CONSUMER BEHAVIOUR

Every possible aspect of life has felt the impact of this epidemic one way or the other. With the emergence of this virus utilities like plane tickets, vacations and what not have experienced a major withdrawal in their purchase.

The challenge facing the world right now is shaking up global economies, pushing healthcare systems to their limits, and disrupting people’s daily lives.

Currently, more than one-third of the world’s population is under some form of lockdown. To put it simply, there isn’t an aspect of life like: business, government, or social structure that hasn’t felt the effects of corona virus, even to some degree.

One very noticeable impact of the outbreak is its influence on how and what people purchase. This is having an effect on various industries and key groups. Celebrity announcements from Tom Hanks, Rita Wilson, and Idris Elba sharing they’ve contracted corona virus have also added to the urgency of the situation and influenced the shopping behavior of the majority of the world. Below, in sub-headings, I shall discuss on the various ways the corona virus pandemic has affected the global market/economy and the way consumers purchase items.

**CONSUMERS BUY ONLY THE ESSENTIALS**

Fifty-four percent of consumers are no longer considering the purchase of big-ticket items (homes, cars, trips, luxury goods) over the next three months. Instead, consumers are focusing on two tiers of consumable products, the “Survival” tier and the “Sanity” tier:

Survival Products (Tier 1): 74% more people are buying food and beverages, 50% are buying health care items, 47% are buying household cleaning items etc.

Samity Products (Tier 2): 24% more people are buying alcoholic beverages, 22% are buying entertainment products, 21% are buying beauty products, 15% are buying electronic devices etc.

Where consumers are buying their products has also changed. Over the last two weeks, people are beginning to fear crowding and lack of inventory, and said they are shopping less at wholesale and big box retailers. 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, surveys show that 45% of consumers globally say they’ve purchased extra food and drink supplies.

**CONSUMERS OPT FOR E-MARKET**

Initially, 25% of shoppers indicated they were replacing in-store trips with online purchases. This week, that percentage has grown to 28% with empty stores shelves and social distancing necessitating a move toward seeking out alternative retail options. However, as the surveys go there continues to be more households shopping. The replacement of in-store trips with online purchases is taking place while there is a spike in total households shopping. Although there have been questions as to the deliverability of the items being bought through the e-markets and stores; the records sohw that 45% of consumers worldwide have taken to their computers to shop for their daily needs rather than brace the unknown outside.

**MEDICAL SUPPLIES IN HIGH DEMAND**

Face masks (45%) and hand sanitizer gel (30%) are the top items globally that consumers are struggling to purchase.

By country, Japan sees the highest struggle to buy face masks at 78%, while the Philippines struggles the most to purchase hand sanitizer gel at 70%. This is a common occurrence across most countries.  Google searches for hand sanitizer have skyrocketed, while many pharmacies and stores have sold out. With the increased demand, Amazon and Walmart sellers have also been criticized for price gouging

But some brands have been lending a hand. Louis Vuitton owner, LVMH, started making hand sanitizer to meet demand and SpaceX is also manufacturing its own hand sanitizer and face shields with plans to donate materials to hospitals.

**DECREASE IN PURCHASE OF LUXURY ITEMS**

The luxury market is also taking a hit, with 15% of consumers delaying purchases of luxury items. This rises to 22% in the Philippines and 20% in China and among an audience of affluent, luxury buyers in China, around 2 in 5 say they’re delaying purchases of luxury items. In this crisis materialistic items like: wristwatches, jewelry, phones, perfumes etc. have taken a back seat and given way to urgent necessities and items like sanitizers and face masks.

**RISE OF THE FACE MASK, SANITIZER, TISSUE AND GLOVE**

In the past months there have been a spiked and drastic increase in the the purchase of sanitizers and other safety supplies. Sanitizers, toilet paper, medical gloves, disinfectants and face masks of all kinds where the first to go off the shelves in a bid to stay safe, keep their families safe and to prevent the spread of corona virus, other preventive instruments like handkerchiefs and air fresheners have equally experienced an increase in sales in recent months. The sanitizer industry has certainly been experiencing a boom in sales and such, the amount used by my family daily is an attestation to that. We have run through at least 2 boxes of face masks and countless gloves have already been used by us. When we go on our morning walks as a family, we all gear up with gloves, masks and sanitizers, I’m sure the same can be said for other families.

**TRAVEL AND VACATION PURCHASES DECREASED**

In this state of lockdown, the borders of almost all countries have been closed. No-one is going in or out of any country anytime soon. This lockdown restriction has dealt a major blow to the tourism and flight industries. With Britain having one of the worst cases of COVID 19, its borders have been shut down and anyone returning from the UK is put through a corona virus screening exercise. According to surveys; 41% of global consumers have delayed purchasing vacations and holidays.  This rises to 53% in China, a country that has been in lockdown for over 6 weeks and is only starting to re-emerge on the other side.

**MAJOR STORES WORLDWIDE TO SHUT DOWN**

In the worst and second worst hit countries in Europe, Italy and Spain, 93% of consumers in both countries agree that brands should close non-essential stores. In contrast, just 36% of consumers in Japan feel the same. This is likely because their current situation is very different to countries like Italy and Spain. Notably, Japan is the least likely of all countries to believe lockdown is necessary. Just 16% believe the whole population should be locked down at home compared to 79% in France and Spain and 74% in Italy. Brands around the world are stepping up and closing stores to protect staff and the public. But some brands, whose response has not been as strong, have come under scrutiny. Recently, UK retailer, Sports Direct, came under fire from the government and social media users after it went against the advice of the government to close non-essential stores.

In an open letter, Sports Direct, owned by Mike Ashley’s Frasers Group, claimed that its sports equipment stores were an essential service in the fight against the pandemic and would remain open. But after serious backlash from the government and users on social media, the company did a U-turn on its initial stance. It’s an important lesson that during times like these, brands will be remembered for putting public benefit ahead of profits and for taking action that supports the uphill battle we all face.

**PURCHASE OF COFFINS INCREASE DUE TO HIGH DEATH ROLL ACROSS THE GLOBE**

As tragic as it may seem, due to the ever-increasing death toll around the world, caused by the corona virus epidemic, the purchase in coffins and body preservation equipment have increased in the past few months. In Italy, there has been a record of over 500 deaths in a week and not all the bodies can be immediately disposed of; the ones that can be buried have caskets and whatnot prepared for them while the remaining bodies have to be preserved in the morgue. In the following weeks to come, the death toll is expected to increase and such the sale of coffins is bound to go on the rise.

**INCREASE IN DATA AND WIFI PURCHASES: COMMUNICATION, ENTERTAINMENT, KEEPING ABREAST**

With the need to communicate and keep abreast of the COVID-19 weekly reports, telecommunication services like Glo, Airtel, 9mobile, MTN etc. have really upped their game by providing customers with free daily voice calls and text messages, I personally can attest to being able to send 10 free text message from my line to any other 9mobile network. The NCDC is effectively using these platforms to send daily updates to all Nigerians on the dangers of corona virus and ways to stay safe and stop the spread. Data services like Glo, Mtn, 9mobile etc. have been creating avenues for purchase of data of large bundles to use to stream our favorite shows and movies to keep us entertained during this lockdown. People are buying more data and credit to stay abreast of the happenings around the world and to be able to keep in contact with their loved ones.

**INCREASE IN HOME ENTERTAINMENT SYSTEMS: NETFLIX, DSTV, GOTV, STREAMING SITES**

Entertainment services such as Netflix, DSTV, GOTV and other streaming platforms are seeing an increase in consumer usage and purchase of their services. With the initial lockdown in various parts of the globe, measures have been put inn place by these companies to provide entertainment for the families locked in at home. Netflix has reduced the price of membership and have increased the number of movies and series available to stream at home. People spend tons of their data to keep themselves entertained on these platforms and as such will return to buying more data to enjoy more of these benefits.

**CONCLUSION**

Countries across the globe continue to implement greater restrictions in order to flatten the curve and control the spread of the virus. These new protocols now include shelter in place orders, restaurant and non-essential store closures, and retailers adjusting their hours to allow for restocking as well as trying to accommodate more at-risk members of the community. In light of these updates and developments, we are expected to see ongoing changes in consumer behavior both online and in stores. Thank You