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**LEVEL:** 200 LEVEL.

**COLLEGE:** LAW.

**COURSE TITLE:** Consumer Behavior II

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**LECTURER:**

**QUESTION:** 1) In not less than 2000 words, explain explicitly how the pandemic (COVID 19) has affected consumer buying behavior.

**ANSWER:**

A pandemic is a natural disaster that has never been seen before and the people do not know how to go about it, meaning that the individuals do not know how to solve the issue of the disaster, and so it kills many people. In terms of COVID 19 (Corona Virus) it's a pandemic coming from the health sector. The WHO (World Health Organization) has tried their best in trying to keep all individuals around the world safe.

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.

Even though there was the negative social and economic impact, the outbreak quickly led to an adjustment in people's behavior – from fear to action, to cope with the unexpected situation – and a shift in daily activities from offline to online. The corona virus outbreak is first and foremost a human tragedy, affecting hundreds of thousands of people. It is also having a growing impact on the global economy. This article is intended to provide business leaders with a perspective on the evolving situation and implications for their companies. The outbreak is moving quickly, and some of the perspectives in this article may fall rapidly out of date. This article reflects our perspective as of March 30, 2020. We will update it regularly as the outbreak evolves.

COVID-19 has without a doubt changed business as usual. Its spread has forced every industry to rethink its business models, product offerings, and even how to transact with its customers. Before the pandemic, supermarket chains offered same day curbside pick-up and delivery for orders placed online. Today, as a result of crushing consumer demand, those same online orders won't be ready for pick-up until seven days from now.

It is no surprise that the effects of COVID-19 have created a surge in mobile commerce. And with these new developments not going away any time soon, three important questions are emerging which retailers will need to understand and respond:

- What should we do today to minimize business disruption?
- How is COVID-19 effecting consumer psyche and expectations?
- Will this shift be the 'new normal' and effect long-term buying behavior?

For all of us living in this global pandemic – nothing is normal. For retailers and their business partners, the collective No.1 focus is the safety and well-being of families, customers and colleagues. After that, they turn to the business.

Industries like the convenience and fuel retailing channel have been investing in digital transformation initiatives with solutions like mobile payment apps, mobile kiosks, self-checkout, order ahead, curbside pickup and home delivery initiatives, and a commitment to monitor and understand consumer engagement.

And while some may believe that the shift in consumer behaviour from COVID-19 is temporary, it's worth noting that other crises have permanently changed our lives—like airport security and baggage screening, after the US terrorist attacks on September in 2001. If you have a hard time wrapping your head around all of the potential impacts of COVID-19, think about this:

Once consumers have experienced the benefits of mobile payments and touchless commerce as a necessary means to obtain food, beverages, fuel, personal care,

household goods and medical items, will they switch back to their pre-COVID-19 behaviours?

## **How are retailers responding?**

### *The fuel retail industry – Saying thank you*

A fuel retailer in Asia-Pacific is doing their part to say thank you to essential workers who need to be out on the road. By downloading their mobile app, consumers gain access to mobile app pay at pump, and take advantage of a 10 cents off per liter discount for the entire month of April. Consumers unfamiliar with the app are given clear instructions on how to download it, including adding a payment method. At the heart of this campaign is compliance with COVID-19 rules, such as social distancing and reducing cash handling. If their consumers just need to fuel, this retailer is using digital technologies to keep them as safe as possible, while rewarding with a significant discount.

### *The convenience store industry – Contactless delivery*

A leading convenience store in North America with high adoption of their mobile app due to features such pre-order, pre-pay and delivery, is seeing a significant uplift in transactions since the threat of COVID-19 surfaced. Now with consumer concerns over social distancing, they have added an additional feature and option of contactless delivery, allowing consumers to have their products left at their front door by the driver. Similar to the fuel retailer, they are rewarding consumers who choose this option, with free delivery for the entire month of April.

### *The Quick Service Restaurant (QSR) industry – Curbside pickup for trucks*

As more rest stops and restaurants close each day, it leaves millions of truck drivers with little to no options for food while on the road. A leading QSR in North America is allowing drivers to order ahead and prepay, and collect their order in a designated trucker curbside pick-up area. This new mobile app ordering system is a huge way to earn money.

No one knows how long the current crisis will last, but COVID-19 has changed how consumers want to do business. Consumers will continue to seek digital capabilities and experiences from retailers and brands that have a positive impact on their lives. These new digital experiences are already showing a 42% increase in online shopping, a 13% increase in click and collect, a 12% increase in ordered takeout for the first time and 19% ordering takeout more frequently. So, we must ask: Are these new behaviors becoming part of everyday life? And if so, how will convenience and fuel retailers compete without them? If the answer is yes, then we must be prepared to do one thing: change. Change requires a deep look at the people, processes and technology needed to prepare for the future. It requires a serious look at what inside the business model needs to be adjusted or all together scrapped. And finally, it warrants a serious

discussion regarding what life lessons were taken from the experience that will help drive future events.

*Mobile Commerce channel is a digital initiative retailers are working on at rapid speed to accommodate the shift in consumer behavior*

Even during a pandemic, keeping a pulse on consumer behavior is imperative. Interestingly enough, it's during these times when consumers create new habits. By building upon existing digital technologies, innovating, and listening to consumers, retail merchants will mitigate the risk of falling behind. We are likely to see an acceleration in the depth and breadth of "contactless" click and collect and home delivery services, and retailers realize the criticality of servicing a need and desire, forged out of the adversity of COVID-19.

COVID-19 has reminded the convenience store industry about something they've known for a long time. In the future, investing in brick and mortar won't get you as far as investing in digital initiatives that let you connect with consumers. Today there are many convenience stores that aren't getting much use. It's time to invest in initiatives that create awesome digital experiences for consumers. If we don't disrupt our business model, someone else will.

*Written by Brad Jones. Managing Director Asia-Pacific; P97 Networks. P97 Networks is a Software as a Service provider specializing in consumer engagement, mobile commerce and touch less commerce.*

**In Nigeria the consumer's behavior has been changing since the COVID 19 pandemic came into Nigeria.**

### **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.

Nigeria's population skews young with a median age of 20 years old. 65 million people in Nigeria are 14 years old or younger, 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 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.

In 2017, Nigeria's GDP was 375.77 in billions of US dollars. 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. With this said, it is important to note the prevalence of informal trade in Nigeria. According to research conducted by Business Chief, "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.

With the kind of Consumer's population that Nigeria has each individual reacts to the pandemic differently in different locations, as in Nigeria different states have been locked down, and so both the sellers and the consumers have not been able to move freely as before, same goes for many other countries of the world. The pandemic has been a great issue to the consumers of Nigeria, and because of it, individuals have become very careful, in order not to be infected by the virus. There has been a new grown sentiment concerning buying and selling of physical goods because they are trying to prevent physical contacts.

All that said, consumers had begun to do things differently. On the first week

I learned that:

Men and women are equally concerned about their risks of contracting the virus, but women were more likely to change their day-to-day routines in an effort to manage them.

The 30- to 40-year-old bridge millennial were the most concerned of all demographic groups

Higher-income individuals shopped more online, while those earning less than \$50,000 a year just didn't do much shopping at all.

All consumers reported eating out less, particularly at restaurants with table service, and said they used delivery aggregators, bought prepared foods at grocery stores and used mobile order-ahead less than they did before that week.

Even before March Madness was canceled and sports teams pushed pause (or stop) on live events, consumers had put social distance between themselves and sports arenas, as well as movie theatres.

Consumers just said no to getting on planes – especially if those trips were to New York or any international destination for work or pleasure. The same held true for booking vacation rentals and B&BS and using public transportation, at a lesser degree.

Consumers also reported eating at home more than they did before reports of the outbreak in the U.S., and were using meal delivery services, aggregators and mobile order-ahead services less often.

Consumers voluntarily put themselves under partial quarantine by working from home and by commuting via car rather than using public transit if they were going to work. They also made decisions to cancel work-related gatherings and leisurely plans of all sorts, from attending sports events and concerts to watching films in theaters – even before the sports franchisees decided to take unprecedented measures and do that for them.

This situation has taught us, how unpredictable the consumer's behavior is and why it should be watched, also how it reacts to being enlightened at different stages.

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