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BUSINESS ADMINISTRATION
BUS 208: CONSUMER BEHAVIOUR

Question: In not less than 2000 words. Explain explicitly how the Pandemic (COVID 19) has affected consumer buying behaviour

CONSUMER
A Consumer is a private person or a corporate body of any organizations, nation who as an end user buys a product from a seller, or uses goods or services bought through an agent. The consumers are also the one who sees a product, has the cash and willingness to buy and consume the product.

CONSUMER BEHAVIOUR

American Marketing Association defines it as the dynamic inter-function of effects and cognition behaviours and the environment by which beings conduct the exchange aspect of their lives. It can also be defined as the study of how to consumers select, purchase, use and dispose of goods and services to satisfy personal needs or industrial needs.

CORONA VIRUS

Corona virus disease (COVID-19) is an infectious disease caused by a new virus.

The disease causes respiratory illness (like the flu) with symptoms such as a cough, fever, and in more severe cases, difficulty breathing. You can protect yourself by washing your hands frequently, avoiding touching your face, and avoiding close contact (1 meter or 3 feet) with people who are unwell.  The virus can survive on surfaces for up to 72 hours.  Corona virus is most contagious during the first three days after onset of symptoms, although spread may be possible before symptoms appear and in later stages of the disease.

HOW IT SPREADS

Corona virus disease spreads primarily through contact with an infected person when they cough or sneeze. It also spreads when a person touches a surface or objects that has the virus on it, and then touches their eyes, nose, or mouth.

Buyers pass through many circumstances and factors before deciding on what to buy, where to buy and of what dimension and quantity to buy. This perturbs their attention and choices in decision making. For marketers to successfully achieve their marketing goals and objectives they must understand the consumers and have a full link with them knowing about them, their daily activities and if possible where they live will serve as a good connect. This makes the marketers and manufacturers know what the consumers want and to produce them for the consumer’s satisfaction, at the right time.

A consumer buying behaviour is influenced and driven by many factors that surround him and his immediate environment.

The widespread outbreak of corona virus, which causes the disease COVID-19, is now a global pandemic.

* Grocery sales are going up: In the US online purchases of shelf-stable grocery items have grown substantially in the last few days, including Rice (+432%), Flour (+423%), Canned & Jarred Vegetables (+337%), Canned & Prepared Beans (+433%), and Canned & Dry Milk (+378%) compared to the first four weeks of January. And it makes sense: These items are made for tough times when people may need to hunker down. They have a long shelf life, are versatile, and are frequently offered in large formats, making it easy to stock up on ingredients that last. No surprise: Sales of facemasks and household cleaning supplies, which can be used to reduce the chance of contracting or spreading the virus, also shot up in early March compared to the first week in January—before running out of stock
* In Italy, people prepared to take good care of themselves at home after a partial lockdown on February 25th. Sales of Medical Supplies spiked by +286% in early March.

### **Online transactions in Fashion & Luxury remain above 2019:** Since the top of the year, online transactions in the Fashion & Luxury category—which includes items like designer clothes, watches, jewelry, and handbags—have largely stayed above their 2019 numbers. The growth trend that we saw in January 2020 continues unabated, even in the face of a worsening COVID-19 outbreak in the US.

### **Home furnishing sales stay high:** As offices close and employees are encouraged to work from home, many may be outfitting their spaces with items that let them work comfortably and efficiently. In the US, sales of home improvement, gardening, and interior design products—which includes things like office furniture, lamps, and area rugs—were up +13% in early March and still up by +8% last week, compared to January 2019.

ALSO \_\_\_

 As COVID-19 news reached the general public and found out that consumers go through six behavioral stages based on their awareness of the COVID-19 spread in their communities:

**Proactive health-minded buying:** Increased interest in the acquisition of products that maintain well-being or health

**Reactive health management:** Prioritization of products for infection containment (e.g. face masks)

**Pantry preparation:** Higher purchases of shelf-safe products and increased store visits

**Quarantined living preparation:** Increased online shopping, decreased store visits and first signs of strain on the supply chain

**Restricted living:** Possible price gouging due to limited supplies and deterred online fulfillment

**Living a new normal:** Increased health awareness even as people return to their typical daily activities

The impact of covid 19 will also have on say on the business or the economy therefore affecting consumer buying behaviour.

The outbreak of COVID-19 highlights cracks in global trust, the pitfalls of global interdependency and the challenge for global governance.

Epidemics are both a standalone business risk and an amplifier of existing trends and vulnerabilities.

Businesses that invest in [strategic, operational and financial resilience](http://www.brinknews.com/assessing-emerging-risks-obstacles-and-opportunities/) to emerging global risks will be better positioned to respond and recover.

Pandemics top national risk-management frameworks in many countries. For example, pandemic influenza tops the natural hazards matrix of the [UK National Risk Register](https://www.gov.uk/government/publications/national-risk-register-of-civil-emergencies-2017-edition), and emerging infectious diseases are tagged as of considerable concern. Seen as a medical problem, each outbreak of a potentially dangerous infection prompts authorities to ask a rational set of questions and dust off the menu of response options that can be implemented as needed in a phased manner.

Reality, however, is generally more disruptive, as national governments and supranational agencies balance health security, economic and social imperatives on the back of imperfect and evolving intelligence. It’s a governance challenge that may result in long-term consequences for communities and businesses. On top of this, they also need to accommodate human behaviour.

Management dilemmas and falling trust

The coronavirus disease 2019 (COVID-19) is no exception. The disease - an epidemic that could become a global pandemic - emerged in a densely populated manufacturing and transport hub in central China and has since spread to 29 other countries and regions (as of 20 February 2020), carried along by Chinese New Year and international travel.

In contrast to the Western Africa Ebola emergency of 2013-2016 – more deadly but less contagious, arguably more isolated, and eventually contained in part by richer countries putting money into Africa – COVID-19 presents larger, more interdependent economies with management dilemmas. It has also surfaced at a time of [eroding trust within and between countries](https://www.mmc.com/insights/publications/2020/Jan/the-global-risks-report-2020.html) – with national leadership under pressure from growing societal unrest and economic confrontations between major powers.

Effective governance of cross-border crises such as pandemics involves preparedness, response and recovery at local, national and international levels. [Epidemic preparedness assessments](https://gh.bmj.com/content/4/1/e001157) show many countries, especially in regions where new pathogens might emerge, are not well equipped to detect, report and respond to outbreaks.

Denial, cover ups and governance failures

Response strategies vary, for example: playing up or playing down crises and staying open for business as long as possible versus seeking to reopen quickly. COVID-19 has highlighted tendencies in many countries to deny or cover up red flags in order to avoid economic or political penalties, but this approach can misfire.

With tens of millions of workers now in quarantine and parts in short supply, China is struggling to get economic activity back on track. Countries with well-honed crisis risk-management arrangements are faring better at slowing the spread of infection, although that does not make them immune to political and economic pressures.

COVID-19 has also shown how governance failures may involve inaction or over-zealous action by ill-prepared authorities scrambling to maintain or regain stability. Both ends of the spectrum undermine trust and cooperation among citizens and countries. Centralized control measures may seem necessary to stop or delay the spread of the virus, and compensate for weak individual and community resilience, but may also cause harm.

[Mass quarantines](http://www.brinknews.com/quarantines-are-a-blunt-instrument-in-the-fight-against-ebola/) in cities or cruise ships [stigmatize](https://blogs.bmj.com/bmj/2020/01/24/coronavirus-the-psychological-effects-of-quarantining-a-city/) those under lockdown and [increase mental health risks](https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3323345/) as people experience stress, anxiety and a sense of isolation and loss of control over their lives. [Travel bans](https://www.who.int/bulletin/volumes/92/12/14-135590/en/) result in social, economic and political penalties, which can discourage individuals and government bodies from sharing information and disclosing future outbreaks. Weak or overwhelmed health systems struggle to limit the spread of infection or cope with surging care needs, further reducing confidence in the competence and character of the institutions and individuals in charge.

Panic spreads faster than pandemics

Social media poses a further challenge to trust: panic spreads faster than pandemics, as global platforms amplify uncertainties and misinformation. Emotionally visceral content from anyone—such as data, anecdotes or speculation that spark fear can go viral and reach far more people than measured, reassuring advice from experts. Even in the absence of human or automated trolls seeking attention or disruption, well-meaning individuals can spread panic worldwide by [escalating or misinterpreting](https://www.theatlantic.com/technology/archive/2020/01/china-coronavirus-twitter/605644/) early, provisional, or context-free information. Such fear will fray citizens’ trust in governments’ ability to protect them from risk, and increase the likelihood of psychologically defensive and societally damaging measures such as [panic-buying](https://www.scmp.com/news/hong-kong/law-and-crime/article/3050907/armed-gang-steals-hk1000-toilet-paper-coronavirus) and [prejudice](https://time.com/5775716/xenophobia-racism-stereotypes-coronavirus/).

What’s the impact on business or economy?

Where a stringent policy response is deemed necessary, business will inevitably be impacted, with both near-term effects and less-expected longer-run consequences.

* Travel restrictions and quarantines affecting [hundreds of millions of people](https://www.abc.net.au/news/2020-02-15/coronavirus-lockdown-in-china-millions-put-into-quarantine/11968114) have left Chinese factories short of labour and parts, disrupting just-in-time supply chains and triggering sales warnings across [technology, automotive, consumer goods](https://fortune.com/2020/02/15/coronavirus-shortages-supply-chain/), [pharmaceutical](https://www.ft.com/content/8630c51c-4cc0-11ea-95a0-43d18ec715f5) and other industries.
* Commodity prices have declined in response to a fall in China’s consumption of raw materials, and producers are considering [cutting output](https://www.axios.com/opec-oil-production-coronavirus-china-846d42bf-a831-46a7-8eee-03b169c8b544.html).
* The mobility and work disruptions have led to [marked declines in Chinese consumption](https://www.nytimes.com/2020/02/17/technology/apple-coronavirus-economy.html), squeezing multinational companies in several sectors including [aviation](https://www.brinknews.com/the-novel-coronavirus-may-damage-aviation-more-than-sars/), [education abroad](https://www.ft.com/content/b3429de6-4dec-11ea-95a0-43d18ec715f5), [infrastructure](https://www.businesstimes.com.sg/government-economy/covid-19-epidemic-slows-chinas-belt-and-road-push), [tourism, entertainment, hospitality](https://www.bloomberg.com/news/articles/2020-02-13/coronavirus-s-effect-on-tourism-will-carry-into-2021-experts-say), [electronics, consumer and luxury goods](https://www.bloomberg.com/news/articles/2020-02-07/when-chinese-consumers-stay-home-the-world-s-retailers-take-hit).

Overall, China’s [GDP growth may slow](https://www.fitchsolutions.com/events/coronavirus-which-markets-are-most-risk-pm) by 0.5 percentage points this year, taking at least 0.1 percentage point off global GDP growth. This will ripple through developed and emerging markets with high dependencies on China – be that in the form of trade, tourism or investment. Some of these countries exhibit pre-existing economic fragilities, others (acknowledging an [overlap](https://www.odi.org/blogs/16639-economic-vulnerabilities-coronavirus-top-countries-risk)) have weak health systems and thus lower resilience to pandemics. Many Asian and African countries lack surveillance, diagnostic, and hospital capacities to identify, isolate, and treat patients during an outbreak. Weak systems anywhere are a risk to health security everywhere, increasing the possibility of contagion and the resulting social and economic consequences.

Impact on air travel

On 5 March - before the US travel ban was announced - the International Air Transport Association (IATA) predictied the COVID-19 outbreak could cost airlines [$113 billion in lost revenue](https://globalnews.ca/news/6634345/coronavirus-costs-airlines/) as fewer people take flights.

“The industry remains very fragile,” Brian Pearce, the IATA’s chief economist, told the Associated Press. “There are lots of airlines that have got relatively narrow profit margins and lots of debt and this could send some into a very difficult situation.”

On March 16, British Airways said it would cut flying capacity by at least 75% in April and May. Other [UK airlines](https://www.reuters.com/article/health-coronavirus-easyjet/update-4-big-uk-airlines-ground-most-of-their-fleets-to-survive-coronavirus-idUSL8N2B959E), including Virgin Atlantic and easyJet also announced drastic cuts.

The travel and tourism industries were hit early on by economic disruption from the outbreak.

Besides the impact on airlines, the[UN’s International Civil Aviation Organization](https://www.icao.int/Newsroom/Pages/Economic-impact-estimates-due-to-COVID-19-travel-bans.aspx) (ICAO) forecast that Japan could lose $1.29 billion of tourism revenue in the first quarter due to the drop in Chinese travellers, while Thailand could lose $1.15 billion.

Disruption to commerce

The initial shortage of products and parts from China affected companies around the world, as factories delayed opening after the Lunar New Year and workers stayed home to help reduce the spread of the virus.