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As the covid-19 pandemic continues to spread, customer buying behavior and spending patterns are dramatically changing. Today, customers worldwide are trying to stave off uncertainties by stacking up food and utility supplies. The pandemic has caused a big boost to online grocery shopping, especially the household staples and health-related goods, such as bottled water, hand sanitizer, toilet paper, face masks, and much more. While the fashion and other luxury goods market continues to slide. However, customer buying behavior and spending trends for health-related goods and emergency pantry items differ. To help retailers stay proactive and plan their next moves, the experts at Infiniti Research have outlined the key customer trends observed globally. 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.

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.

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.

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.

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.

COVID-19 has without a doubt changed business as usual. It’s 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 minimise business disruption?

How is COVID-19 effecting consumer psyche and expectations?

Will this shift be the 'new normal' and effect long-term buying behaviour?

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 litre 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 step forward for truckers, showing that this particular QSR is keeping a pulse on consumer needs, and innovating to help those critical truck drivers during the COVID-19 pandemic. 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 behaviours 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 behaviour

Even during a pandemic, keeping a pulse on consumer behaviour 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.

The reality of this new pandemic took the world by surprise. People worldwide are still trying to adapt to the idea of prolonged indoor stays. So, now that we are all trying to avoid going out to shop in brick and mortar stores, how has this changed our approach in purchasing goods? Furthermore, will these adjustments establish new and lasting habits?

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, Nielsen<sup>1</sup> conducted shopper behavior research that started during the beginning of the pandemic in China and extended to other countries that have also been affected. They monitored consumer trends, 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:

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, this happened much faster in other countries where the outbreak started later, such as Italy and the US.

Currently, the only country where consumers are starting to transition to the sixth stage is China, while the US has begun to move towards restricted living. So, what kind of possible long-lasting consumer behavior shifts can we expect as a result? It's still too early to tell, but clear trends can be seen, which, if sustained, could lead to significant shifts in how consumers shop in the future.

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 where China was still discovering new cases of COVID-19 each day.<sup>4</sup>

But what about other product categories? With so many consumers entering restricted living situations, there has been a spike in other categories, especially in entertainment and media. That's not surprising given that staying home increases the amount of content people watch by 60%.<sup>5</sup> Video games and video-game internet traffic have seen a 75% increase since restrictions were imposed in the US.<sup>6</sup> Of course, not everyone is seeing increases in traffic or purchases, in fact travel sites are experiencing the opposite.

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.

Despite the rise in e-commerce activities due to the pandemic, most retailers have a bleak outlook for the rest of the year. This is because e-commerce typically represents only about 16%<sup>7</sup> of their sales revenue. With many stores shutting their doors, it is in the best interest of businesses to maintain and grow their e-commerce strategy.

It's still too early to tell how much consumer behavior will change due to the COVID-19 pandemic. We'll learn more and more about the immediate impact on stores and e-commerce as soon as additional countries move through the different stages and into restrictive living. However, it will be a while until we know if these changes in consumer behavior will be long term.