



# Impact of Covid-19 Pandemic on Consumer Buying Behaviour

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**ABSTRACT:** The COVID-19 pandemic has upended life for individuals across the globe, from how we work to how we socialize and even how we shop. How has consumer behavior changed in light of COVID-19, what trends in consumer behavior and sentiment have we seen develop in the past 10 months, and what are consumers expecting as we move closer to a post-pandemic lifestyle. Since early March 2020, Numerator has been fielding ongoing surveys to consumers to track their COVID-related behaviors and sentiments. We've combined the past ten months of insights into one comprehensive look at how consumer behavior has been impacted by COVID-19, what's changed from month-to-month, and what consumers anticipate moving forward. Impact on shopping behavior ramped up alongside the pandemic itself in early March. When Numerator began fielding our survey the week of March 10, only 1 in 3 consumers claimed their shopping behavior had been impacted by the emerging COVID-19 pandemic. The following week, an additional 1 in 4 claimed impact, followed by another 1 in 3 the week after that. By the first week of April, more than 9 in 10 consumers shared their weekly shopping behaviors and experiences were being impacted by COVID-19.

## I. INTRODUCTION

Despite fluctuations in the pandemic and ongoing lockdown - reopening cycles, the overall level of consumer impact has remained high, dipping below 80% only twice, in the months of September and October. [1]

At the onset of the pandemic, product shortages were the most prevalent issue shoppers were facing, with 79% experiencing shortages of some kind the week of March 24. While impact has significantly declined— aided by supply chain improvements, adjusting to new levels of demand, and less panic buying— consumers are still facing these outages, with 42% experiencing in recent months. Stock-up behaviors have generally remained in the 30% range since March, with many consumers choosing to keep extra goods on-hand after the shortages experienced at the beginning of the pandemic.

While store closures in March and April led some consumers to shop at new retailers or hold off on non-essential purchases or services, much of that impact decreased as regions reopened and adjusted to new operating norms. One behavior that has not declined— and has in fact increased throughout the pandemic— is consumers' likelihood to replace in-store shopping trips with online orders. 30-50% of consumers have noted this behavior since March, with the highest numbers occurring in July.

The COVID-19 pandemic and the lockdown and social distancing mandates have disrupted the consumer habits of buying as well as shopping. Consumers are learning to improvise and learn new habits. For example, consumers cannot go to the store, so the store comes to home. While consumers go back to old habits, it is likely that they will be modified by new regulations and procedures in the way consumers shop and buy products and services. New habits will also emerge by technology advances, changing demographics and innovative ways consumers have learned to cope with blurring the work, leisure, and education boundaries.[2]

## II. DISCUSSION

With lockdown and social distancing, consumers' choice of the place to shop is restricted. This has resulted in location constraint and location shortage. We have mobility shift and mobility shortage. Working, schooling and shopping all have shifted and localized at home. At the same time, there is more time flexibility as consumers do not have to follow schedules planned for going to work or to school or to shop or to consume.[3]

Fig. 1 summarizes eight immediate effects of Covid-19 pandemic on consumption and consumer behavior.



3. Pent-up Demand. During times of crisis and uncertainty the general tendency is to postpone purchase and consumption of discretionary products or services. Often, this is associated with large ticket durable goods such as automobiles, homes, and appliances. It also includes such discretionary services as concerts, sports, bars, and restaurants. This results in shift of demand from now into the future. Pent up demand is a familiar consequence when access to market is denied for a short period of time for services such as parks and recreation, movies, and entertainment. While economists have studied impact of pent up demand on the GDP growth, there is very little research in consumer behavior about the nature and scope of pent up demand.

4. Embracing Digital Technology. Out of sheer necessity, consumers have adopted several new technologies and their applications. The obvious example is Zoom video services. Just to keep up with family and friends, most households with the internet have learned to participate in Zoom meetings. Of course, it has been extended to remote classes at home for schools and colleges and to telehealth for virtual visits with the physician and other health care providers.[4] Most consumers like social media including Facebook, WhatsApp, YouTube, WeChat, LinkedIn, and others. The internet is both a rich medium and has global reach. The largest nations in population are no longer China and India. They are Facebook, YouTube, and WhatsApp. Each one has more than a billion subscribers and users. This has dramatically changed the nature and scope of word of mouth advices and recommendations as well as sharing information. One of the fastest growing areas is influencer marketers. Many of them have millions of followers. Impact of digital technology in general and social media in particular on consumer behavior is massive in scale and pervasive in consumer's daily life. It will be interesting to see if technology adoption will break the old habits. While we have studied diffusion of innovation for telephones, television, and the internet, we have not experienced a global adoption of social media in highly compressed cycle.

5. Store Comes Home. Due to complete lockdown in countries like India, South Korea, China, Italy, and other nations, consumers are unable to go to the grocery store or the shopping centers. Instead, the store comes home. So does work and education. This reverses the flow for work, education, health and purchasing and consumption. In home delivery of everything including streaming services such as Disney, Netflix, and Amazon Prime is breaking the odd habits of physically going to brick and mortar places. It is also enhancing convenience and personalization in consumer behavior. What we need is to empirically study how "IN-home everything" impacts consumer's impulse buying and planned vs unplanned consumption.

6. Blurring of Work-Life Boundaries. Consumers are prisoners at home with limited space and too many discrete activities such as working, learning, shopping, and socialization. This is analogous to too many needs and wants with limited resources. Consequently, there is blurring of boundaries between work and home and between tasks and chats. Some sort of schedule and compartmentalization are necessary to make home more efficient and effective.[5]

7. Reunions with Friends and Family. One major impact of the coronavirus is to get in touch with distant friends and family, partly to assure that they are okay but partly to share stories and experience. This resembles high school or



college reunions or family weddings. What is ad hoc event to keep in touch is now regular and scheduled get togethers to share information and experiences. Symbolically, we are all sitting on our porch and talking to our neighbors globally. The global reach of the social get togethers through social media such as Zoom and WhatsApp is mind boggling. We need to study sociological and cultural assimilations of consumption practices. Similar to the classic studies we should expect dramatic changes in consumer behavior as a consequence of speedier and universal adoption of new technologies accelerated by the Covid pandemic.

8. Discovery of Talent. With more flexible time at home, consumers have experimented with recipes, practiced their talent and performed creative and new ways to play music, share learning, and shop online more creatively. With some of them going viral, consumers are becoming producers with commercial possibilities. YouTube and its counterparts are full of videos which have the potential for innovation and commercial successes.

### III. RESULTS

There are three managerial implications from the impact of Covid-19 on consumer behavior. First, just as consumers have learned to improvise, business also has to learn to improvise and become more resident during the pandemic crisis. Unfortunately, companies are governed by formal processes and they are often unable to change them quickly. This has been evident in the government's inability to process the PPP (payroll protection program) loans in the U.S. as well as applying for unemployment benefits.[6]

Fortunately, as more large enterprises have transitioned to cloud computing, it has been easier to improvise. This has been the case with supermarkets and large retailers such as Walmart and Target. The latter, in any case, were converging their brick and mortar stores with their online shopping and even capable of omnichannel delivery. In short, companies can learn how to make their infrastructure, systems and processes to be more resilient; and in the process, manage global crises such as the Covid-19.

A second managerial implication is matching demand and supply. At each retailer ranging from the supermarkets to hyper stores to drug stores, there were chronic shortages due to hoarding and "run on the bank" mentality of consumers in a crisis. Supply chain, logistics, and warehousing operations are critical functions which need to be integrated with the volatile fluctuations in demand. In other words, unlike the current practice of stocking the products on the shelf with a backup inventory in the back of the store, it will be increasingly necessary to encourage online procurement and reverse the process from the merchandise waiting on the shelf for the customer to customer ordering first and the supermarket warehouse assembling the order and delivering it to the customer. As mentioned above, customers coming to the store is not the same as store going to the customer.

A third implication for management is that consumers will go back to their old habits unless the technology they learn to use such as Zoom video services and online ordering brings significant changes in their lives. Customers experience in the virtual world as well as post purchase services (customer support) will be strategic investments.

### IV. CONCLUSION

The lockdown and social distancing to combat the covid-19 virus has generated significant disruptions on consumer behavior. All consumption is time bound and location bound. With time flexibility but location rigidity, consumers have learned to improvise in creative and innovative ways. The work-life boundaries are now blurred as people work at home, study at home, and relax at home. Since the consumer is unable to go to the store, the store has to come to the consumer.[7]

As consumers adapt to the house arrest for a prolonged period of time, they are likely to adopt newer technologies which facilitate work, study and consumption in a more convenient manner. Embracing digital technology is likely to modify existing habits. Finally, public policy will also impose new consumption habits especially in public places such as airports, concerts, and public parks.

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