



New Paradigm Shift in Consumer Behavior with Special Reference to Covid-19

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ABSTRACT: A critical situation pushes human behaviour towards different directions with some aspects of behaviour being irrevocable. COVID-19 pandemic is not a normal crisis, and to control the spread of disease various measures were taken including complete and then partial lockdown. Since all elements of the economy are intricately interrelated with public health measures and lockdown, this resulted in economic instabilities of the nations hinting towards change in market dynamics. In every market, consumers are the drivers of the market competitiveness, growth and economic integration. With economic instability, consumers are also experiencing a transformation in behaviour, though how much of transformation experienced during the crisis will sustain is a question. This article looks at the consumer behaviour during COVID-19 crisis and in the subsequent lockdown period when the world stood still for more than a quarter of a year. Further, the article attempts to weave through the maze of literature available about consumer behaviour in normal times and in crisis times, strengthens it with the rapid assessment reports culled out by the different consulting organisations during lockdown phase, substantiates the same with first-hand telling and retelling of experiences by consumers and professionals with marketing background to bring up a hypothesis of the pandemic affecting a paradigm shift from consumer materialism to consumer spiritualism. The proposition offers further testable hypotheses for future research to understand consumer sentiments or requirement in buying 'what is enough' within the marketing context and how it can be reinforced post-COVID crisis for ensuring sustainability of business models. It would also be interesting to explore the correlates of this forced consumer behaviour with other variables such as learning from crisis, changing needs, personality, nationality, culture, new market segment and age to develop new models of consumer behaviour. "Due to the pandemic, people are becoming health conscious — 80 per cent of the respondents are improving their eating habits, 56 per cent are engaging in housework and 33 per cent are doing workouts," it said.

The findings are based on the survey responses of 2,033 consumers across the urban, adult population across India. As many as "94.5 per cent of the working respondents have settled into a virtual working environment and 40 per cent are positive about working from home", it said.

Factors such as no commute, relatively healthier living and somewhat higher productivity levels are contributing to the rising comfort levels with work from home.

The pandemic has made most people more comfortable with spending on online services which is likely to continue to post the pandemic.

"Online services are increasingly being adopted for fitness, education and utilities like banking, groceries and bill payments," it added.

Moreover, people are becoming health conscious because of the pandemic, it said.

The study said 80 per cent of the respondents are improving their eating habits, 56 per cent are engaging in housework and 33 per cent are doing workouts. There is a greater focus on maintaining healthier relationships with friends, family and the community, it said.

The EY said 78 per cent of the respondents "are constantly in touch with their friends and family through video/audio calls. The adoption rate of digital services is increasing and enabling people to feel safe and connected".

Commenting on the findings, EY India Partner – Customer Experience and Design Thinking Shashank Shwet said there is a clear paradigm shift in consumer behaviour towards online, even in traditionally offline categories.

"To win in adversity, companies need to tailor strategies to today's unique context. Brands that will be nimble enough to capture the pulse of these changes, make timely alterations to their modus operandi and add digital and convenience as a service will thrive in these unprecedented scenarios," he said.

I. INTRODUCTION

The pandemic has impacted virtually all aspects of our lives. Some developments have been sudden and involuntary, such as social distancing, wearing masks, stopping public transport, restrictions on travel, etc. For others, it has merely accelerated the adoption of behaviours already gaining traction, such as the digitalisation of shopping, banking and



more. All consumer behaviour has strong location and time dependencies. ¹ Behaviour can differ significantly from one location to another depending on cultures, geographies, etc. The pandemic is making this dimension of consumer behaviour more complex; for example, since physical movement is restricted, consumers are migrating into virtual worlds at an unprecedented rate and are exposed to newer influences. This could require us to go beyond traditional methods of modeling their behavior.[1]

Behaviour and habit changes are also directly linked to the extent of exposure to new environments. Research shows that it can take between 18 and 254 days to form a new habit; on average it takes about 66 days. ² People more quickly adopt habits that do not significantly change existing routines. Today, consumers are settling into new patterns of behaviour for considerable lengths of time in response to the multiple waves of this pandemic. This is fertile ground for new habit formation. New experiences need to offer significant incremental value for a change to become permanent – and poor experiences can result in a rapid reversal to past behaviour. For example, demand for telehealth rose dramatically during the initial lockdowns but has since fallen to less than half of its peak (although still significantly higher than prior to COVID-19). ³ Some of the drop could be due to poor customer experiences of online consultations. Conversely, demand for online shopping appears to be sustainable for the long term. The fear of catching an infection may fade once COVID-19 is over, but the significantly higher perceived convenience may make the behaviour permanent.

The e-commerce sector has responded rapidly to the challenge of creating positive experiences in response to the pandemic. Companies have invested in logistics and supply chains and widened their product ranges. This has attracted large numbers of consumers, and a survey earlier this year found many of them were likely to continue to buy online for non-health reasons such as convenience, time savings and wider product ranges.

A critical situation pushes human behaviour towards different directions with some aspects of behaviour being irrevocable. COVID-19 pandemic is not a normal crisis, and to control the spread of disease various measures were taken including complete and then partial lockdown. Since all elements of the economy are intricately interrelated with public health measures and lockdown, this resulted in economic instabilities of the nations hinting towards change in market dynamics. In every market, consumers are the drivers of the market competitiveness, growth and economic integration. With economic instability, consumers are also experiencing a transformation in behaviour, though how much of transformation experienced during the crisis will sustain is a question. This article looks at the consumer behaviour during COVID-19 crisis and in the subsequent lockdown period when the world stood still for more than a quarter of a year. Further, the article attempts to weave through the maze of literature available about consumer behaviour in normal times and in crisis times, strengthens it with the rapid assessment reports culled out by the different consulting organisations during lockdown phase, substantiates the same with first-hand telling and retelling of experiences by consumers and professionals with marketing background to bring up a hypothesis of the pandemic affecting a paradigm shift from consumer materialism to consumer spiritualism. The proposition offers further testable hypotheses for future research to understand consumer sentiments or requirement in buying 'what is enough' within the marketing context and how it can be reinforced post-COVID crisis for ensuring sustainability of business models. It would also be interesting to explore the correlates of this forced consumer behaviour with other variables such as learning from crisis, changing needs, personality, nationality, culture, new market segment and age to develop new models of consumer behaviour.[2]

II. DISCUSSION

The COVID-19 pandemic has altered the business world in unprecedented and historic ways, the effects of which have been felt the world over. As the new reality of the pandemic sets in, organizations and individuals grapple with the implications of the virus. In the short-term, organizations have generally engaged in empathic pro-employee responses, and many have radically altered how and where employees work. At face value, both actions seem both reasonable and prudent.

The difficulty comes in assessing paradigm shifts and the long-term implications of the pandemic. A paradigmatic shift is a fundamental change in the underlying assumptions of a phenomenon. In research, these are rare but impactful shifts that radically change our understanding of phenomena by altering the foundational assumptions upon which our understanding is derived. For example, in the 18th century, scientists heavily researched a substance known as phlogiston. For over 100 years, this substance was explored as the basis of fire. The theory of phlogiston was disproved by Antoine Lavoisier through the discovery of combustion. This paradigmatic shift altered the foundational understanding of fire and precipitated the exploration of a new scientific theory.[3]



The COVID-19 pandemic has the potential to result in multiple paradigm shifts in organizations that society, in general, has yet to fully anticipate. The spectrum of shifts range from personal to professional, individual to organizational, and across most industries. The world is at its most interdependent economically and has never faced this level of comprehensive interruption. Whereas the short-term effects have been felt and recognized by many, resulting paradigm shifts caused by the pandemic will likely have long-term effects of unknown scope and impact. Many are adjusting to novel organizational demands of the pandemic while hoping for a swift “return to normal.” In time, the implications of these demands may not only shift but have a lasting effect on the way organizations and employees function, resulting in a “new normal.”

We use existing research and examples to explore and predict the potential long-term effects of COVID-19 across multiple domains including: job security, financial consequences, remote work, worker well-being, and career attitudes. Each of these areas has been affected drastically. For each domain, after a brief overview, we examine the paradigm shift caused by the pandemic. We then explore the long-term implications of those paradigm shifts that have only begun to unfold. Finally, we offer relevant organizational considerations and practical actions for practitioners to more effectively adapt to each pandemic-related paradigm shift. The hope is that, by exploring the short- and long-term implications of these paradigm shifts, practitioners can better prepare in for an unknown post-pandemic future.

Initially, most individuals and organizations seemed to maintain a generally positive outlook on the situation. The need to rely on unemployment was serving its purpose as temporary assistance that would soon become unnecessary once the pandemic reached its peak and allowed workers to return to the status quo. However, even with most stay-at-home orders expiring around the country, the pandemic continued to delay many individuals’ ability to return to work. Whereas some industries have begun to rebound, rather than a simple a return to the status quo, the recovery will be driven more by consumer behavior and demand than by a simple desire to return to normalcy. Indeed, many industries such as travel, entertainment, and restaurants continue to suffer as the pandemic draws on. Organizations such as Disney and major U.S. Airlines have announced layoffs of nearly 30,000 employees each. Individuals and organizations are being forced to recognize that things like temporary unemployment assistance cannot substitute for industries where employment depends upon people’s willingness to closely cluster with others or travel. These entertainment, sports, concert, airline and restaurant industries and others are being forced to relearn how to be profitable in this new environment.[4]

Before the pandemic, most Americans’ financial situations were generally improving, and low unemployment was leading to slowly increasing wages. Additionally, with lower unemployment, an increasing number of Americans could afford to change jobs or request promotions/raises due to a tight labor market. Even though the economy was relatively strong, very few individuals or organizations were financially prepared for an event of this magnitude.

Paradigm Shift Caused by COVID-19

In general, Americans maintain high levels of consumer debt and few have the recommended level of emergency reserves. To prevent massive financial carnage, the U.S. Government provided stimulus money to most Americans, provided easier access to funds through financial institutions, and supported businesses through the CARES act. Each of these actions was designed to be a short-term stopgap until the economy resumed in force. However, as the economy continues to have a slow recovery, people have begun saving at record rates and are beginning to dramatically adjust the way they think about and use their money.

Long-term Implications

The financial ramifications may be both wide- and far-reaching. At the individual-level, stimulus funds were meant for the express purpose of its namesake – to stimulate the economy through an infusion of money. However, with much of the economy shuttered due to stay-at-home orders, in many ways the pandemic itself prevented the stimulus funds from being used to achieve their intended purpose. The stimulus funds were valuable to many in covering basic living costs, but it is difficult to stimulate an economy that is largely halted. This is similar to trying to turn up the volume on a television that is turned off. No matter how much you press the buttons that normally make the volume louder, without power to the television the volume will not change.

Until organizations are fully operational, stimulus funds serve as more of an emergency fund and less as a true economic stimulus. At the organizational-level, the revenue lost during the pandemic can never be recouped, but the costs associated with overhead will still be due for many. Even with additional funds available, most organizations will still find themselves in greater debt that will continue to cut into profitability post-pandemic for both general and



specialized industries. Restaurants have been particularly harmed by these consumer behaviors as Americans have been spending more money per visit to the grocery store but spending less on eating out.[5]

Organizational Considerations and Actions

Even though organizations have begun to reopen their doors, many consumers remain hesitant to resume their pre-pandemic consumer spending habits and behaviors. Think about movie theaters, airlines, and theme parks. These are extreme examples, but each of these industries have been previously lauded for their ability to maximize the throughput of people in a minimal amount of space. As the pandemic continues, there are important questions for all companies—not just those in these specific industries—to ask themselves.

- • What will happen if the organization resumes operations at pre-pandemic levels, but consumers do not return to pre-pandemic spending behaviors?
- • How long the organization wait for things to return to “normal” before making serious and permanent operational changes?
- • If consumer behaviors are permanently changed, what actions must be taken to become profitable again?

In many industries, even though they might have finally reopened, many organizations will be operating at reduced or even negative margins for the foreseeable future unless dramatic changes are made. From a financial perspective, the pandemic has amplified the need for many organizations to decrease their financial fragility by increasing their amount of cash on hand. While this may mean having to decide to limit growth for a time, increasing financial stability has been shown to positively affect an organization's confidence and optimism in its ability to survive during difficult circumstances. The longer the pandemic continues, preserving these cash flows will continue to become even more crucial to the ability of the organization to be profitable and survive.[6]

The more forecasts suggest that liquidity is likely to become a greater concern, the more important and urgent it will be to seek for additional sources of capital. Recognizing that the post-pandemic reality will be permanently different from the pre-pandemic normal, organizations should not wait to take action. Whereas companies may not achieve profitability in the same ways as before, recognizing this paradigm shift as one that is not simply going to revert back will enable organizations to make informed financial decisions looking forward rather than backward. It is also important for organizations to recognize and pay attention to new consumer trends, such as the increasing rate of saving, and greater selectivity in consumer spending habits. Changing consumer behaviors are likely to necessitate updating existing contingency plans and/or developing new ones to help identify swift actions that could be taken to protect the financial integrity of the organization and its ability to become and continue operating profitably.

III. RESULTS

Organizational Considerations and Actions

Many of the unique challenges the pandemic has caused for organizations related to individuals' changing career attitudes pertains to the recruiting, selection, and process.

- • How can the organization make itself more attractive to prospective employees?
- • How can the organization create/improve virtual hiring practices?
- • How can the organization effectively assimilate/on board new hires?
- • What types of opportunities and experiences can the organization provide existing employees to motivate them to remain loyal?
- • What types of advancement opportunities can the organization provide in the current environment?

One consideration is the potential for providing educational opportunities for employees. In previous economic downturns, there has often been a corresponding spike in interest in postsecondary educational opportunities for those who lost employment. Many that lose jobs take that time to improve qualifications often via traditional degree-seeking programs. Although this may be the case again, the environment caused by the pandemic is unique because there is a large supply of potential learners due to so many furloughs and layoffs, coupled with at least the potential of a decrease in the number of options provided by educational institutions. In these circumstances, individuals may gravitate more toward adult learning, revenue-generating programs rather than to the more traditional degree programs. Initial



evidence of this can be seen in the decreased enrollment of many university-wide systems across the country in the 2020 academic school year. This trend may reverse to follow the course of previous economic downturns but is distressing for many traditional universities nonetheless.[7]

As it pertains to human resource-related tasks such as training, development, orientation, and onboarding, it is particularly critical for organizations to facilitate a sense of inclusion for virtual employees. Even prior to the pandemic, many remote workers felt shunned or left out when compared to their physically present counterparts. While some organizations have switched to an exclusively remote work policy amid the pandemic, others offer a hybrid approach whereby employees can choose to work remotely or locally with restrictions. Each of these settings present unique challenges, but a sense of loneliness and separation is likely to be amplified in the latter approach given that a virtual employee's colleagues may still be physically present in the workplace.

In order to combat this, there are many actions that an organization can take in order to facilitate a sense of inclusion and belonging. A baseline requirement for this process is to ensure that the technological resources are in place that are necessary for virtual employees to engage effectively. Zoom has rapidly become a commonly used virtual interaction software that can host both small and large groups in virtual settings with relative seamlessness. With such software, remote workers can interact with their colleagues in a high-fidelity environment. Once the basic technology is established, management should take additional steps to ensure their employees are not suffering from a sense of separation. Examples of effective steps include demonstrating empathy, promoting participation, and carefully structuring team building by hosting informal social events such as a virtual coffee chats, team celebrations, new employee recognition, and awards ceremonies. It is critical to note that these initiatives should be genuinely and intentionally supported. Additionally, collecting feedback from employee resource groups such as young professionals, working parents, and others can also help to inform the organization on ways in which they can further foster a sense of inclusion amongst their employee base.[8]

Considering an organization's own employees, and given the larger focus on obtaining and refreshing skillsets, organizations have the opportunity to sponsor individuals in skill development opportunities. When employees, and even potential employees, see and hear about efforts an organization makes to invest in its people, it is likely to increase the likelihood of these employees to remain with the organization and look for opportunities to advance their career internally if chances are available. Additionally, as individuals gain skills and increase their education and training, there is a higher likelihood that they will be more productive for the organization and use their skills and experience to boost the organization's performance.

IV. CONCLUSION

The COVID-19 pandemic has created multiple paradigm shifts the likes of which organizations have never before seen. Even the most prepared organizations scrambled to react to the rapid changes brought on by the pandemic. Whereas most organizations would agree that job security, financial consequences, remote work, worker well-being, and career attitudes have all shifted, organizations ability to understand and respond to those shifts in both the short- and long-term has become another story altogether. However, by becoming more aware of these paradigm shifts in the key areas discussed above, practitioners can better position themselves to explore the myriad of organizational changes resulting from the pandemic. Furthermore, awareness of these paradigm shifts enables individuals and organizations to proactively adapt to a rapidly changing business environment. It is likely that the effects of this pandemic will need to be explored for years to come in order to truly understand the depth and magnitude of effect. By being armed with a knowledge of these paradigm shifts, their implications, and the issues for consideration, organizations and their leaders can take the actions that should lead to long-term organizational success.[9,10]

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