

Impact of Covid-19 on Purchasing Patterns and Consumer Behavior

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Abstract:- The coronavirus pandemic has disrupted consumers' purchasing habits and consuming habits due to the lockdowns and social distancing measures imposed by various governments across the globe. Their consumers are adjusting to new patterns since the pandemic is not going away any time soon. This paper seeks to analyze how the epidemic has affected the purchasing habits of the consumers and their consumption behavior. Going back to the previous purchase and consumption practices will be subjected to the new guideline in regards to COVID-19. therefore the behaviors are modified in the way one shop or buy goods and services. Moreover, new habits are likely to appear due to technological advancements and changing patterns of life. Therefore this paper seeks to analyze and check if the consumer will permanently or temporarily change the purchasing habits due to social distancing and lockdown guidelines. Moreover, the paper will understand if there are new habits regarding shopping, either in digital technology or physical appearance, to the stores. The patterns may be in the long run or short run during the peak of the coronavirus cases in different countries at different times.

Keywords:- Covid-19, Purchasing Behavior, Purchasing Patterns, Consumer Behavior, Behavioral Economics.

I. INTRODUCTION

Purchasing habits and consumer attitudes are changing, and these will continue even after the post-pandemic period. Basic needs like food are the center of most purchases during the period of COVID-19. People are buying more consciously, shopping locally, and embracing digital commerce: the pandemic's various immediate impacts, the impact after regulations were adjusted, and the post-pandemic impacts. People have currently learned to live with the virus in the midst as multiple countries are slowly opening their economies. Buying and consumption habits vary across various regions and countries. However, there are different common impacts of the pandemic across the globe. Everyday practices that have changed include shifting to essentials and values, flight to digital shopping, shock on loyalty, health care economy, and homebody economy.

Even as various economies worldwide are opening, most consumers continue to be subjected to lower-income. This affects the confidence and hope of economic recovery among the citizens, which have dipped since April 2020. However, consumers in India and China are more optimistic

than those from Europe and the US. Therefore, the pandemic is likely to cause a significant change to the globe as we know it. People across the world are now buying differently, living differently, and thinking differently in many ways. Supply chains have been disrupted due to the closure of retail stores. Thereby making consumers look at the goods and services from a different angle. The virus is rapidly changing the long-term consumption trends reshaping the consumer goods industry in real-time. The new habits are likely to go beyond the pandemic crisis, thereby changing permanently how consumers shop, value, live, or work. Due to the fear of the COVID-19 disease, people respond differently, thereby achieving different purchasing and attitudes. During the pandemic, there was panic buying of staple and hygiene products while some consumers continued their business as usual despite the social distancing measure taken by different governments.

II. PURCHASING PATTERNS

➤ *The Immediate Impact Of Covid-19 On Purchasing Habits*

As the coronavirus outbreak was declared a pandemic and cases across various countries started rising, Consumers started stockpiling essential products. This was to cater to daily consumption resulting in temporary stockouts and shortages—this included toilet paper, bread, water, meat, disinfecting, and cleaning products. Hoarding is a common reaction to managing the uncertainty of the future supply of products for basic needs. The response is a common practice when a country goes through hyperinflation. Additionally, there was also an emergence of the gray market where unauthorized intermediaries hoard the product and increase the prices. This happened concerning PPE (personal protection equipment) products for healthcare workers, including the N95 masks. Moreover, there was a temporary extra demand created by hoarding. These encouraged the marketing of counterfeit products (Gans, 2020).

Due to complete lockdown in countries like India, South Korea, China, Italy, and other nations, consumers could not go to the grocery store or the shopping centers. Instead, they stored their products at home. Consumers were prisoners at home with limited space and too many discrete activities such as working, learning, shopping, and socialization. With more flexible time at home, consumers experimented with various recipes, practiced their talent, and performed creative and new ways to play music, share learning, and shop online more creatively (Meyer, 2020). With some of them going viral, consumers became producers with commercial possibilities.

Consumers also improvised to manage a shortage of products or services is another area of future research. This led to innovative practices and often leads to an alternative option for location-centric consumption, such as telehealth and online education (Martin, Butcher, 2020). During times of the crisis and uncertainty, the general tendency was to postpone the purchase and consumption of discretionary products or services. Often, this was associated with large ticket durable goods such as home, automobiles, and appliances. It also included such discretionary services as concerts, sports, bars, and restaurants. This resulted in a shift of demand from now into the future. Consumers adopted several new technologies and their applications. The obvious example is the Zoom video services. To keep up with family and friends, most households have the internet. This was also extended to private classes at home for schools and colleges and telehealth for virtual visits with physicians and other health care providers (Fabius et al, 2020).

➤ *Gradual Impact Of Covid-19 On Purchasing Habits*

For people to create new behavioral patterns that are in line with the Covid-19 regulations, they will need to break former habits and repeat the original designs for some time. Repetition leads to automated responses and makes them stick. But breaking former habits and creating new ones takes time and perseverance. The coronavirus outbreak forced governments to take stringent measures, but they also came under pressure to make this time bearable. People suffered not only health issues but also job loss and loneliness (Gans, 2020).

As a consequence, many governments changed the restrictions where there was room to do so. This continuous change of rules probably hampered the formation of positive (e.g., keeping a distance of the vulnerable) and negative (e.g., exercising less). Frequently changing regulations do not give people the time to adapt to them and create automated responses. This not only makes it challenging to stick to rules but also creates a lack of clarity (Meyer, 2020).

People across various countries have been warned of a possible second wave in the autumn; many do not seem to understand that this requires action now, or they feel insecure about what to do and procrastinate. This is not an uncommon phenomenon in society. In general, people find it challenging to anticipate the future and the impact of change over time. Therefore many people are going back to their regular habits with the virus in the midst. However, even as various countries relax restrictions, many people will still be worried and will go out less. Unless there are zero cases for several weeks in a state or city, many people will remain reluctant to go out. After the shutdown, people are likely to continue to work from home more often. The habits of shopping remotely, and spending more on home furnishings and less on clothes, are likely to continue, and they would be possible to continue even if COVID-19 vanished tomorrow (Jone, 2020).

There has been growth in online buying in most categories, and many consumers have continued to buy

online even after retail stores were opened. E-commerce continues to grow across all products, even in markets with moderate conversion rates like the US and the UK. Even in markets that had a high quality of conversion like china, it is expected that capital spent on online shopping will increase. Many consumers have shopped at a different retailer shop or tried another brand due to supply chain disruptions since they could not find their preferred retailer or product. The main drivers of this change of behavior were availability, value, and quality of the products.

Moreover, most customers would decide where to shop by looking at the hygiene, cleaning, and physical distance to measure barriers (Meyer, 2020). Moreover, most consumers prefer to shop near their homes during this time of the pandemic. This is as a result of reducing the chances of contracting the Coronavirus disease (Martin, Butcher, 2020).

III. CONSUMER BEHAVIOUR

Consumption behavior entails who and how individuals, organizations, and groups select, secure, dispose, and use products and services to satisfy their needs. Also including their impacts on the consumer as well as the entire society. It is believed that Covid-19 will either come to an end or remain as any other disease in the world. As governments worldwide are lifting various restrictions imposed to curb the spread of this virus, the main worry is how, once again, life will be back to normal without increasing the pandemic risks. Currently, people are living differently and spending differently and in many ways compared to the pre-Covid-19 period. The shift in consumer behavior due to the affected economy is undergoing a sea change. Many individuals are surviving on reduced or no incomes, thus confining their consumption only to necessary purchases.

IV. CONSUMPTION TRENDS SINCE THE OUTBREAK OF COVID-19

➤ *Prevailing Of Online Commerce*

The act of social distancing has changed how many customers think about e-commerce and digital-driven experiences, and these choices will now be people's permanent or long-term options. Thus, to meet the customer's needs, businesses should be innovative while designing their propositions and offers, allowing them to save without sacrificing the quality and affordability of services rendered during this transition. Concentrating on innovations planned at giving differentiated services should be at the forefront of their strategic planning. Here are some of the changing consumer consumption patterns.

The restrictions placed by almost all the governments worldwide in favor of public health have triggered new ways of consuming while adhering to the set rules of social distancing. Many consumers have chosen digital shopping as a way to besiege these restrictions. For example, the Portuguese anticipate spending more than 62 percent of their time surfing, leading to a 513 percent growth in searches for

online shopping in a month (BOURBON, 2020). It indicates the changes undergone by consumer behavior due to the increasing demand from consumers shifts from offline to online purchasing. Due to many people remaining at home, 45 percent of the brands have responded by changing spending offline to online media (Thomasson, 2020).

Consumption of most product categories has been affected since the outbreak of the Covid-19 pandemic. Health and safety products have been purchased at higher rates than their restocking rates with empty shelves in any store. Hygiene and medical products sales are up by over 300% ("NIELSEN INVESTIGATION: "PANDEMIC PANTRIES", 2020)

➤ *Focus On Health And Essential Goods*

The pandemic has changed the focus to the top priority of better health. That is why consumers' thoughts have changed toward the basic needs, increasing the demand for hygiene, staples, and cleaning products while decreasing the order for non-essential categories. For the consumers, the top priority is personal health, followed by that of family and friends. Financial security, food, personal safety, and medical securities being other priorities. On beverage and food products, people focus on products having health defense benefits, especially those with immunity benefits and natural products. Given this is an unpredictable period, we are uncertain about the economic future. Thus many consumers are concentrating on their short-term and primary needs. During crises, consumers tend to focus on goods and services going at low prices, requiring a tangible reason to go for more expensive ones (Bohlen, Carlotti & Mihas, n.d.). For example, one in four consumers in the US uses an additional 133 percent on food expenses while reducing luxury goods during the Covid-19 pandemic ("Personal Spending Habits During Coronavirus | Self Financial", 2020).

➤ *More Spending On Leisure Activities*

The act of social distancing rule has altered the way most people utilize their free time. Most people have been consuming news soon after the outbreak of this pandemic. For instance, in the US, in March 2020, individuals used 215 percent more time on news reading online compared to 2019. (Oxford Business Group, 2020). Other activities, such as television consumption, also experienced a dramatic rise in the amount of time people watched. The dramatic change was contributed by the fact that most people want to access current events and information. For example, in Malaysia, it increases from 208 to 307 minutes daily, Mexico 215 to 248 minutes daily, and Philippines 173 to 230 minutes daily. Other individuals concentrate on families, while entertainment and DIY projects have also increased since the outbreak of this pandemic (Oxford Business Group, 2020).

Moreover, Covid-19 has increased social media such as Facebook, WhatsApp, Twitter, and Instagram consumption. It has been generating bundles of data on word of mouth. Consumers are currently much interested in

the virtual world compared to the physical world in virtual sports and video games (Oxford Business Group, 2020).

➤ *More Savings*

Consumers have to change the way of allocating their spending depending on their situations. As living continues to extend its restriction horizons, these adjustments may be mandatory as incomes continue to strain and compress. At first, insulated consumers, especially those from the middle to higher income, with no employment or minimal covid-19 impacts, consumed whatever they had and even entered into trading freely, thinking that they would remain on the safer side. As the horizon got tight, this group became more cautious with their spending, saving, and cutting back higher-value expenditure (Nielsen, 2020).

Constrained consumers dominated by the lower-income individuals started seeking value immediately after the pandemic broke while seeking ways to save whatever they had. This meant reducing their consumption through prioritizing on essential goods and services. This uncertainty drove some consumers cutbacks into desperation, forcing them to go for cheaper options and even avoiding bulk purchases (Nielsen, 2020). Therefore, savings is the current primary concern of consumers. For instance, 70 percent of consumers in the G7 countries (Japan, Canada, Germany, the United States, France, Italy, and the United Kingdom) reported that their income was affected by the Covid-19 pandemic. Thus they anticipate altering their consumption habits while saving on curbing potential future challenges (Koslow & Lee, 2020).

➤ *The Road To Conscious Shopping*

Consumers worldwide are more cautious about what they purchase, striving to limit food waste, getting more sustainable brands while opting for socially responsible brands. Brands should use this trend and incorporate it into their offer. Some consumers may boycott brands that failed to act ethically during the covid-19 pandemic. Although it is difficult to access the effects of this pandemic on consumption behavior fully, these changes that have occurred so far provide consumer's reactions, and this can act as a future guiding compass on consumer trends (Ernst & Young, 2020).

V. CONCLUSION

In response to the growing COVID-19 pandemic, governments have placed various measures such as social distancing and lockdown to combat this pandemic spreading further. Similarly, the World Health Organization(WHO) has outlined some measures to prevent the spread of COVID-19 disease. All these have created significant interruption on consumer behavior, especially in purchasing and consumption behavior. All consumption has turned to be location and time-bound. With time being flexible and a rigid location, consumers have acquired different ways of doing things. The different modes include house arrest for an extended period, social distancing, living at no or reduced income, prioritizing hygiene, and purchasing essential goods first. Additionally, consumers have learned the importance

of e-commerce stores primarily amid such a pandemic where you must stay at home and keep the social distance.

The pandemic is likely to come with innovative and creative ways of operating, such as brand digitalization that will modify the existing behavior. New technologies may arise that will facilitate work, consumption, and study conveniently. Public policies may introduce new consumption behavior, particularly in social places like concerts, airports, and public parks.

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Prachi Sharma is an aspiring entrepreneur, debater, supporter of small scale female-run businesses, and avid researcher. She believes that research is an integral part of diving deeper into a particular subject to increase our awareness of the world around us. She focuses in the fields of business and economics, and is interested in topics such as growth, behavioural economics, and labour productivity. In 2020, her research is themed around the COVID-19 pandemic, as she hopes to acquire deeper knowledge of the current trends.

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