Impact of Covid-19 on Consumer Behaviour: What has changed?

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Abstract

Purpose: Covid-19 has impacted the entire world and consumers are also one among them. This pandemic has created panic among the consumers also. This paper has tried to analyse the way the consumers have shifted to more mindful shopping owing to covid. There has also been change in the way consumers used to shop with more and more consumers shopping online.

Design/Methodology/Approach: The paper was based on analysing google search trend for March 2020-March 2021. The existing literature was analysed to understand the changing consumer behaviour.

Findings: Covid-19 has impacted the way the consumers behave. The consumers have shifted to online platforms for shopping. The online platforms, especially the e-grocery stores have seen a huge increase in the sales. The consumers also fear loss of jobs and to secure their future, they are involved in mindful shopping.

Originality/Value: This paper is original and would help the marketers in understanding the changing behaviour of consumers which would help them to make strategies and plan for the future accordingly.

Keywords: covid, consumers, behaviour, shift, online shopping

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I. Introduction

Covid-19 pandemic has impacted the entire world. Not much was known about this virus before December 2019. It was only after the virus that was first detected in Wuhan, China in 2019 that all the nations came into action to fight with this unknown virus. There were 123,902,242 confirmed cases of COVID-19, including 2,727,837 deaths, reported to WHO (WHO Coronavirus COVID-19 Dashboard) across the world as on 24th March, 2021. As far as India is concerned there were 11,734,058 confirmed cases of COVID-19 with 160,441 deaths, reported to WHO as on 24th March, 2021. The same has been reflected in Figure 1.
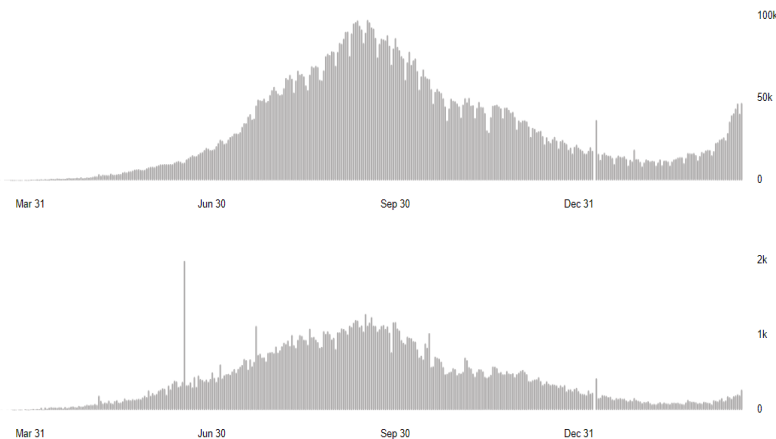
Figure 1: Number of Covid-19 Cases and Deaths in India

Source: World Health Organization

The vaccination has also been on rise with 50,075,162 vaccines administered as on 22nd March, 2021. The country was under Nationwide lockdown starting 25th March,2020. Though the lockdown has ended, the restriction continued for a long period of time. Owing to the second wave of coronavirus, the restrictions have been further implemented in various states.

II. Review of Literature

Coronavirus was mentioned in the research done even prior to its outbreak in December 2019. Table 1 shows some of the research papers where there was mention of this virus.

Table 1: Covid-Related Research Prior to its Outbreak

Research Title	Authors	Year
SARS-associated coronavirus	Holmes	2003
A novel coronavirus associated with severe acute respiratory syndrome	Ksiazek et al.	2003
Coronavirus as a possible cause of severe acute respiratory syndrome	Peiris et al.	2003
Characterization of a novel coronavirus associated with severe acute respiratory syndrome	Rota et al.	2003
Identification of a novel coronavirus in patients with severe acute respiratory syndrome	Drosten et al.	2003
Newly discovered coronavirus as the primary cause of severe acute respiratory syndrome	Kuiken et al.	2003
Severe acute respiratory syndrome coronavirus phylogeny: toward consensus	Gorbalenya, Snijder & Spaan	2004
Identification of a new human coronavirus	Van der Hoek et al.	2004
A previously undescribed coronavirus associated with respiratory disease in humans	Fouchier et al.	2004
Severe acute respiratory syndrome coronavirus-like virus in Chinese horseshoe bats	Lau et al.	2005
Human coronavirus NL63 employs the severe acute respiratory syndrome coronavirus receptor for cellular entry	Hofmann et al.	2005
Identification of a novel coronavirus in bats	Poon et al.	2005
Coronavirus HKU1 and other coronavirus infections in Hong Kong	Lau et al.	2006
Understanding human coronavirus HCoV-NL63	Abdul-Rasool & Fielding	2010
Effects of coronavirus infections in children	Principi et al.	2010
Coronavirus pathogenesis	Weiss & Leibowitz	2011
Isolation of a novel coronavirus from a man with pneumonia in Saudi Arabia	Zaki et al.	2012
Evidence of person-to-person transmission within a family cluster of novel coronavirus infections, United Kingdom, February 2013	The Health Protection Agency (HPA) UK Novel Coronavirus Investigation team	2013
Family cluster of Middle East respiratory syndrome coronavirus infections, Tunisia, 2013	Abroug et al.	2014

Host factors in coronavirus replication	Wilde et al.	2017
Human coronavirus circulation in the United States 2014–2017	Killerby et al.	2018

After its outbreak in 2019, a lot of research focused on coronavirus. Google scholar was searched to find out the research article published from 2019-2021 which includes covid-19, coronavirus, and other keywords like economy, education, health, consumer etc. The term "coronavirus" alone generated about 1,60,000 results and the term "covid-19" generated about 1,30,000 results. The search was conducted on 26th March, 20201. The output is as shown in Table 2. Mental health had topped the list.

Table 2: Number of output displayed on Google Scholar.

Keywords	Search Results (in numbers)
"covid-19 and mental health"	2270
"covid-19 and pregnancy"	1410
"covid-19 and health"	937
"covid-19 and children"	339
"covid-19 and healthcare"	270
"covid-19 and tourism"	240
"covid-19 and education"	204
"covid-19 and economy"	81
"covid-19 and vaccination"	47
"covid-19 and panic buying"	40
"covid-19 and consumer"	31
"covid-19 and market"	27
"covid-19 and e-commerce"	24
"covid-19 and environment"	22
"coronavirus and shopping"	7

III. Research Design and Methods

The objective of the study was to find out how Covid-19 has impacted the consumer and how consumers responded during pandemic times. The existing literature was analysed to gain insight into the changing behaviour and response of the consumers. The google search trend for the period of March 2020-March 20201 was analysed to understand the consumer search behaviour. Based on existing literature an attempt has been made to help marketers understand the changing behaviour of consumers. This will help marketers strategize and plan accordingly for the future.

IV. Result and Discussion

Google Search Trend among Indians

Few keywords that were searched during the pandemic times were evaluated using Google Trends. The word "covid" was highly searched in the months of March and April, 2020 and then the trend falls as shown in Figure 2.
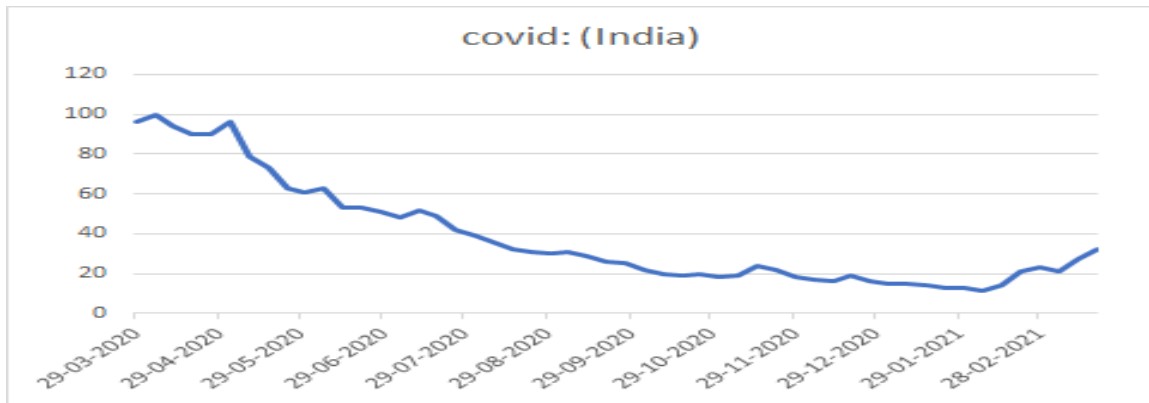
Figure 2: Google Search Trend for Keyword "covid"

"Online shopping" was another keyword that has increasingly been searched on google starting March, 2020 as shown in Figure 3.

Figure 3: Google Search Trend for Keyword "online shopping"

Data was also taken about the google search trend for five categories of products including grocery, beauty products, household, baby care and pharmacy. The result (Figure 4) showed that pharmacy topped the list followed by grocery. These two items were also the highly demanded items since most of the people had stayed home owing to lockdown, further restrictions and also that the majority of people were working from home.
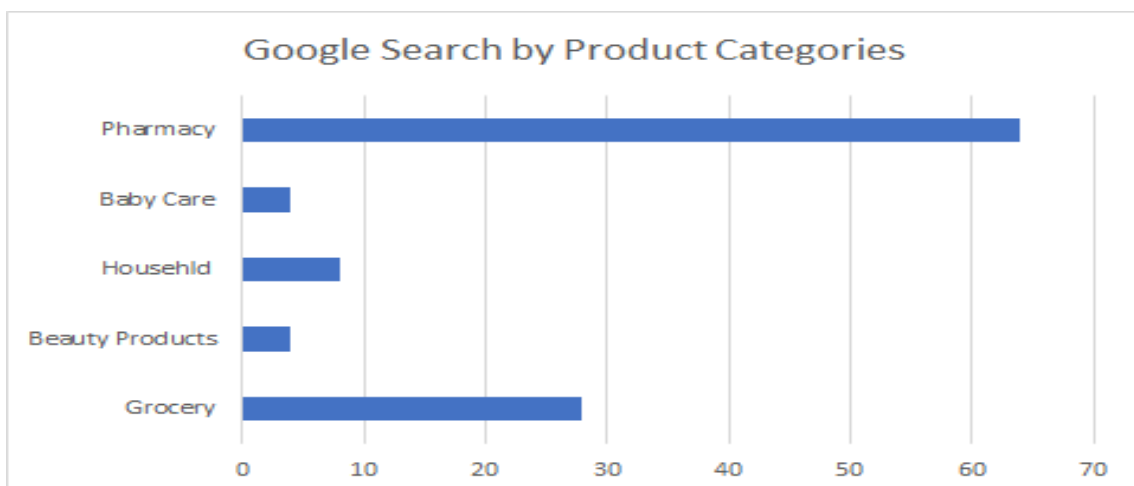

Figure 4: Average of Google search Trend by Product Categories from 29th March,2020 to 27th March, 2021.

Consumer Response to Covid

Consumption is considered to be bounded by location and time. The consumers form habits over a period of time as to what to consume, when to consume and where to consume (Sheth, 2020). At the time of pandemic, there has been change in the way consumers behave. One of the research suggested that "some habits and consumer behaviors developed over this period will be adopted by citizens and first of all by younger generations when things eventually return to normal." (Švecová, 2020, p. 1009). Whenever any health crisis arises, people form a perception about the risk involved (Wen et al., 2019). Their behaviour is the outcome of the risk evaluation which is based on the susceptibility and severity of the event (Yuen et al., 2020). Panic buying was one of the most common behaviour during covid times. "Panic buying of storable consumer goods is a common phenomenon during natural disasters and man-made crises." (Keane & Neal, 2021, p. 1). Panic buying "occurs when consumers buy unusually large amounts of products in anticipation of, during or after a disaster or perceived disaster, or in anticipation of a large price increase or shortage." (Yuen et al., 2020, p. 1). Consumers in various countries showcased panic buying behaviour for product categories like household items, babycare, groceries, health and beauty products etc.

Yuen et al. (2020) in their research categorised the reasons for panic buying behaviour of consumers at the time of crisis into four main factors (a) Perceived threat of a crisis and perceived scarcity of products, (b) Fear of the unknown, (c) Coping behaviour, and (d) Social psychological factors.

The way the company behaves also has an impact on consumer behaviour. One of the most important factors for consumers before making a purchase decision is healthy and hygienic packaging. Another important factor is how the companies take care of the safety of their employees. These two factors were most important for consumers of countries like India, Korea, China, Japan, Spain and Germany. Retailer's promotion of sustainable solutions, sustainable/eco-friendly products, and companies' purpose/values are lower on the priority list, but important for Italy, India, and Korea (Arora et.al. 2020).

Mindful shopping by consumers

The covid-19 outbreak and subsequent lockdown has impacted the country's employment sector. The year 2020 was considered as the worst-ever year for the job market in India. Around 10.9 million jobs across various sectors were lost. The worst hit sectors were aviation, hospitality and travel (Saraswathy, 2021). The unemployment rate rose to 9.1 per cent as per the date from CMIE (Center for Monitoring Indian Economy). Though there were some sectors like health care, e-commerce platforms that recruit more employees owing to increase in demand in these sectors. This has an impact on the consumers spending at the times of covid. The past literature also suggests whenever there is any negative shock, consumers respond to it by means of reduced spending. Prior evidence suggests that such reduced spending occurs due to the beginning of increased uncertainty, financial constraints or declining expectations regarding future income prospects (Baker & Yannelis, 2017; Baker, 2018; Gelman et al., 2018; Garmaise et al., 2020). A study by Binder (2020) was done to understand the concern and response of consumers to coronavirus outbreak. It was found that the consumers who have greater concern about the effect of coronavirus cancelled travel plans and spent money on purchase on food and supplies more as compared to consumers with lesser concern. Another survey suggested that 46% of the respondents plan to reduce the spending during the pandemic times (Bhargava, 2020).

Another study was done by Andersen et al. (2020) by collecting transaction-level customer data from one of the largest bank of Denmark. It was found that there was decline in the aggregate spending of the customers by 27% as compared to spending before pandemic. Also there was strong correlation between the extent of supply restrictions and the changes in the expenditure across different categories. There was an increase in spending in grocery stores and pharmacies which were open during the shutdown period but the spending had dropped drastically in sectors where the restrictions were severe like travel, restaurants and personal services.

Baker et al., (2020) also found that there was a decrease in spending owing to spreading covid virus. The cut down in spending was found to be more for older users as compared to younger users. The younger users obeyed orders less strictly than older users. The cut down on restaurant spending was more by older users as compared to younger users. There was an increase in spending on grocery during the earlier weeks of the outbreak among individuals with children. However, the largest decline in spending was also seen among individuals with children as compared to individuals without children.

People tend to stay at home amid covid and more than 70% of the consumers in most of the countries have not started regular out-of-home activities and still stay at home most of the time. The percentage for Indian consumers stands at 78% (Arora et.al. 2020).

Shift to online platforms

E-commerce was growing fast before covid-19 pandemic. Covid-19 pandemic has increased the use of online platforms for shopping products especially food items (Chang & Meyerhoefer, 2021). Owing to

lockdown and fear in the minds of consumers to catch covid-19 virus, people prefer staying home and using online platforms for ordering products. The Indian Grocery Market is dominated by BigBasket, Grofers, Amazon Pantry, Flipkart Supermarket, JioMart etc. The fruits, vegetables, and staples category saw the strongest shift from offline to online in 2020 with its GMV (Gross Merchandise Value) share in the e-grocery segment increasing from 39 per cent to 47 per cent. This was led by customers prioritising buying essentials online followed by a shift from dining out to home-cooked meals (Soni, 2021). The online grocery market is expected to grow to $5.3 billion in size in 2021 and up to $26 billion by 2025 owing to digital adoption in markets not only by urban consumers but also by population living in semi-urban and rural areas (Soni, 2021). There has also been an increase in the online food delivery industry as most of the people tend to order food at home rather than going out and eating at restaurants. Online shopping platforms are also being used by late adopters who had never shopped online before this pandemic (Kim,2020).

As per survey conducted by McKinsey & Company, COVID-19 Consumer Pulse surveys, conducted globally between June 15 and June 21, 2020, to know whether the consumer will continue to use online platforms for shopping post covid. The result shows that a maximum number of consumers intend to use online shopping platforms even after the crisis ends. India shows positive growth in continuing buying online for categories of products like food and grocery; apparel; household products; entertainment; fitness and wellness (Arora et al., 2020).

V. Conclusion

The changing consumer behaviour due to covid and more and more people moving to online platforms for shopping should be reason for marketers to believe that shorter supply chains and home deliveries are the key to survive in the market. This changed behaviour is expected to be new normal behaviour of consumers even when this pandemic comes to an end. This pandemic has also moved customers to do more mindful shopping owing to loss of jobs and fear in the minds of consumers which led them to save for the future. Marketers have to come up with new strategies to target consumers. The businesses who have still not moved to online platforms will have to find a way out where their products can be made available online. The presence on social media can go a long way in creating a positive image and recall in the minds of the consumers. People these days are concerned about hygiene and safety and this must be considered as priority, not only at the times of manufacturing but also at the times of delivering the products.

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