

**“COVID-19 Impact on Consumer Behavior: Is it the new Normal?”***Dr. Mridula Singhal**Associate Professor**Department of Applied Business Economics**Faculty of Commerce**Raja Balwant Singh College**Agra, U.P., India***ABSTRACT**

The world commences its slow pivot from handling the COVID-19 crisis to recovery and the reviving of economies, its clear that the period of lock-down has had a profound impact on how people live. The period of self-isolation, contagion, and economic uncertainty will alter the way consumers behave, in some cases for years to come.

The COVID-19 pandemic, lock-down and social distancing mandates have disrupted the consumer habits of shopping and buying. Consumers are learning to learn and improvise new ways and habits. Take an instance, consumers cannot go to the market, so the market comes to home. While customers go back to old habits, it is likely that they will be improved by new regulations and procedures in the way customers shop and buy products and services. New habits will also arise by technology advances, changing demographics and innovative ways consumers have learned to manage with blurring the work, leisure, and education boundaries.

The new consumer behaviors span all zones of life, from how we work to how we buy to how we entertain ourselves. These rapid shifts have significant implications for retailers and ‘consumer-packaged-goods’ companies. Many longer-term changes in consumer behavior are still being shaped, giving companies a chance to help shape the Next Normal.

**Keywords:** COVID Pandemic, New Normal, New regulations, Customer experience, Consumer habits for shopping

**INTRODUCTION**

The world has faced a unique challenge due to the pandemic COVID-19. It results in a disruption in the lifestyle and buying pattern of a consumer and adversely impact the global economy. The purpose of this research paper is to inspect the impact of COVID-19 pandemic on consumer behavior. Will the consumers permanently alter their consumption ways due to lock-down and social distancing or will they go back to their old habits once the worldwide crisis is over? Will there be new habits consumers will gain due to new regulations related to air travel, shopping at the shopping centers and attending concerts and sports events? Will consumers find that going to a store or joining an event in person is a hassle, and therefore, it is better to let the store, or the

event come to home? To some extent, this has been happening for quite some time in entertainment and sports tournaments by broadcasting on television and radio.

All consumption is location and time bound. Consumers develop ways over time about what to consume, when to consume and where to consume. Of course, this is not only limited to consumption. It is also true of shopping, searching for data and post consumption waste disposal. And consumer behavior is extremely predictable, and we have many decent predictive models and consumer insights based on past repetitive buying behavior at the individual level.

While consumption is habitual it is also contextual. Context matters and consumer habits are governed or disrupted by four major contexts. The first is change in the social context by such life events are marriage, having children and moving from one city to another. The social context comprises of workplace, community, neighbors, and friends. The second context is technology. And as breakthrough technologies arise, they break the old habits. The most dramatic technology advances in recent years are internet, smart phones, and e-commerce. Online search and ordering have intensely impacted the way we shop consumer products and services.

A third context that impacts consumption ways, rules, and regulations particularly related to public and shared spaces and consumption of unhealthy products. For instance, consumption of alcohol, smoking, and firearms are regulated consumption by location. Of course, public policy can also inspire consumption of societal good products and services such as electric cars, solar energy, and mandatory auto and home insurance services and vaccines for children.

The fourth and less predictable context are the ad hoc natural disasters such as earthquakes, hurricanes, and global pandemics including the COVID-19 pandemic we are experiencing today. Similarly, there are regional struggles, civil wars as well as truly global wars such as the World War II, cold war, and Great Depression of the late twenties and the Great Recession of 2008–2009. All of them significantly upset both consumption, production, and supply chain. The emphasis of this paper is to examine both the instant as well as the long-term impact of COVID-19 on consumption and consumer behavior.

## **OBJECTIVE OF THE STUDY**

The study aims to understand if the stay – at – home mandate has resulted in any change in consumer buying behavior due to the COVID-19 crisis and the factors that would influence purchase decisions post lockdown once economic activities resume. The study can also aid marketing managers in planning appropriate promotion strategies. In order to find out the impact of COVID-19 on consumer behavior, the objectives are framed:

- To study the immediate impact of pandemic on consumer behavior.
- To study whether the new habits will be new normal.
- To study the challenges faced by the retailers across the multiple dimensions.

- To find out the managerial and research implications from the impact of COVID-19 on consumer behavior.

## **RESEARCH METHODOLOGY**

The present paper is created on descriptive and exploratory research work. The study is based on secondary data and collected from the various secondary sources includes books, newspapers, magazines, journals, websites etc.

## **IMMEDIATE IMPACT ON CONSUMER BEHAVIOR**

As mentioned before, all consumption and consumer behavior are related to time and location. Since World War II, more and more working women resulting in reduction of flexible time. It is forecast that today more than eighty percent for all women with children at home are working full-time. This has resulted to time shortage and time shift in family and individual consumption. Monday to Saturday, no one is at home between 10:00 AM to 5:00 PM for service technicians to do installations and maintenance of appliances and repairs of broken household equipment. The supplier has to make appointments with the household to confirm there will be someone at home to open the door.

There is also time scarcity as the discretionary time of the homemaker is now nondiscretionary due to her employment. This time scarcity has outcome in consumers ordering online and have products delivered at home. Likewise, holidays are no longer one or two weeks at a time but are more mini vacations organized around major holidays.

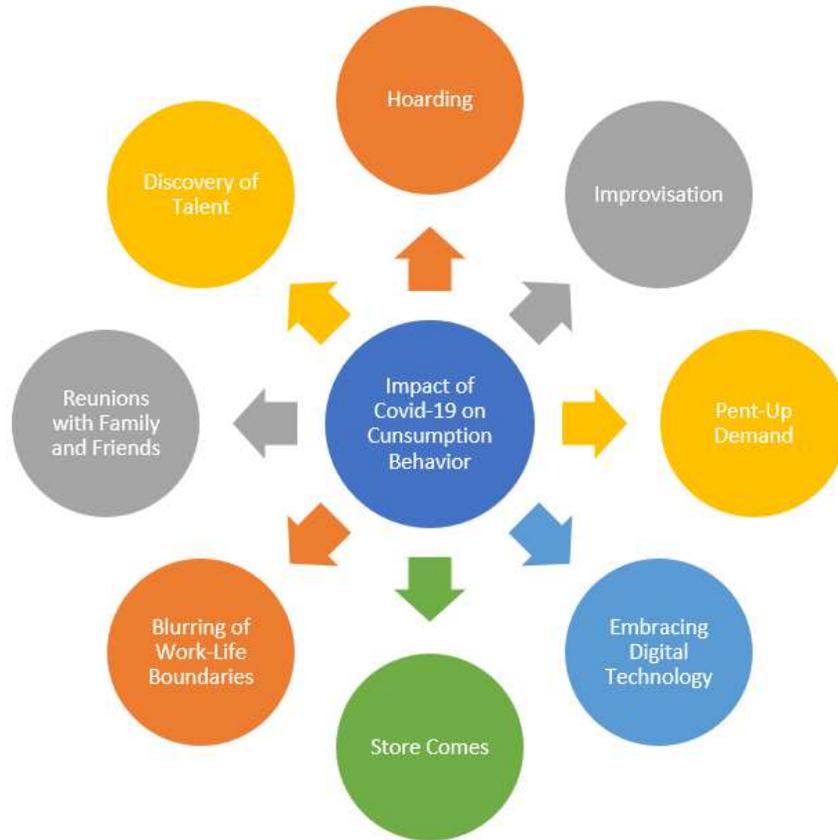
Pandemic conditions like lock-down and social distancing, made consumers' opportunity of the place to shop are restricted. This has outcome in location constraint and location shortage. We have option for mobility shift and mobility shortage. Working, schooling, and shopping all have drifted and localized at home. Simultaneously, there is more time flexibility as consumers do not have to follow agendas planned; going to job, school, shop or to consume.

Lack of space at home is causing new problems and struggles about who does, what in, which place, space at home. Being homo sapiens, we are usually more territorial and each one needs her or his space, we are all struggling with our privacy and convenience in consumption.

### **1. Hoarding**

Hoarding is a common reaction to handling the uncertainty of the future supply of products for basic requirements. Hoarding is a general practice when a nation goes through hyperinflation. In addition to hoarding, there is also emergence of the gray market where unauthorized middlemen hoard the product and prices rise. This has occurred with respect to PPE (personal protection equipment) products for healthcare workers including the N95 masks. Finally, the temporary extra demand created by hoarding, also inspires marketing of counterfeit products. We have not done sufficient

empirical research on the economic and the psychology of hoarding in consumer behavior.



**Fig. 1: Eight Immediate Effects of Pandemic COVID-19 on Consumption and Consumer Behavior**

**2. Improvisation**

Consumers learn to improvise when there are constraints. In the process, existing habits are discarded and new methods to consume are invented. The corona virus unleashed the creativity and resilience of consumers for such tradition bound activities like weddings and funeral services. Sidewalk weddings and Zoom funeral services substitute for the traditional site centric events. Improvisation to manage scarcity of products or services is another area of future research. It leads to innovative practices and often leads to alternate option to location centric consumption like telehealth and online education. The common research is on improvisation is Jugaad in India. It means developing solutions that work by overcoming constraints forced by social norms or government policy.

**3. Pent-up Demand**

In the periods of crisis and doubt the general tendency is to postpone purchase and consumption of discretionary products or services. This is mostly associated with large

ticket durable goods such as automobiles, homes, and appliances. It also comprises such discretionary services as concerts, sports, bars, and restaurants. This outcomes 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 like parks and recreation, movies, and entertainment. While economists have studied impact of pent-up demand on the GDP growth, there is very less research in consumer behavior about the nature and scope of pent-up demand.

#### **4. Embracing Digital Technology**

Out of complete prerequisite, consumers have implemented many new technologies and their applications. We all cannot forget the application of Zoom video services in online meetings. It has been stretched to remote classes at home for educational organizations and to telehealth. The internet is both a rich medium and has worldwide reach. Every social media platform has more than a billion subscribers and users. This has dramatically altered the nature and scope of word-of-mouth advice and recommendations as well as sharing data. One of the rapidly growing areas is influencer marketers with have millions of followers. Influence of digital technology in general and social media in specific on consumer behavior is enormous in scale and universal in consumer's everyday life.

#### **5. Store Comes Home**

Due to complete lock-down in countries like India, Korea, Italy, and many other nations, consumers are unable to go to the grocery store or the shopping centers. In its place, the store comes home. Similarly, does work and education. This reverses the flow for education, work, health and purchasing and consumption. In home delivery of everything including streaming services such as Disney, Netflix, and Amazon Prime, etc.

#### **6. Blurring of Work-Life Boundaries**

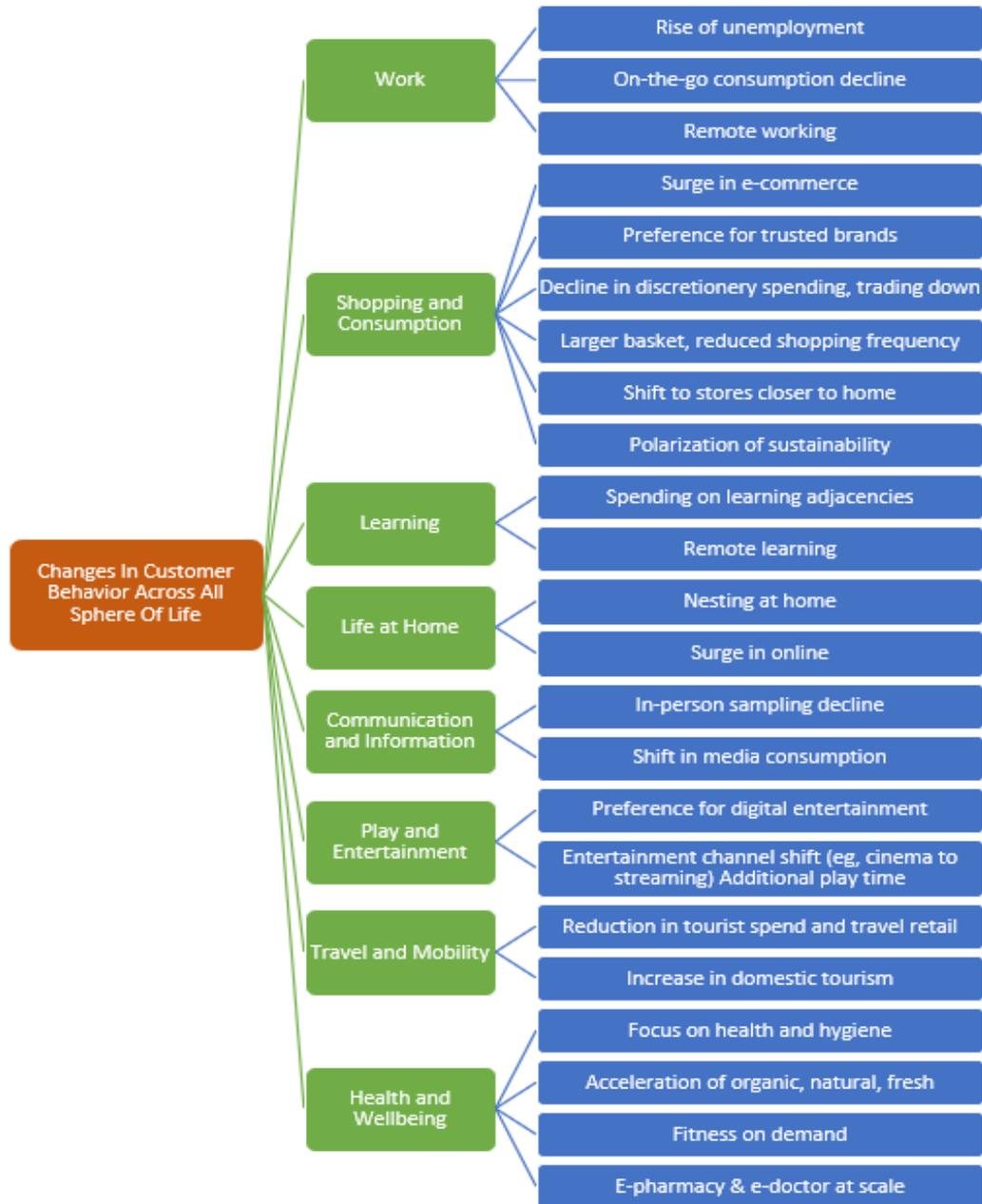
Consumers are inmates at home with limited space and too many discrete activities; as working, learning, shopping, and socialization. This is similar to too many needs and desires with rare resources. Consequently, there is blurring of boundaries between work and home and between tasks and chats. Some kind of schedule and categorization are essential to make home more efficient and effective.

#### **7. Reunions with Friends and Family**

One major impact of the corona virus is to get in touch with distant friends and family, partly to assure that they are okay but partly to share stories and experience. Symbolically, we are all sitting on our porch and talking to our neighbors internationally. The worldwide reach of the social get together through social media such as Zoom, and WhatsApp is mind confusing. We need to study sociological and cultural integration of consumption practices; we should expect dramatic changes in consumer behavior as an importance of quicker and worldwide adoption of new technologies accelerated by the COVID-19 pandemic.

### 8. Discovery of Talent

By 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 likelihoods. YouTube and its counterparts are full of videos which have the potential for innovation and commercial successes.



**Fig. 2: Changes in Customer Behavior Across All Sphere of Life**

### **WILL THESE NEW HABITS BE THE NEW NORMAL?**

It is predictable that most habits will return back to normal. However, it is unavoidable that some habits will die because the consumer under the lock-down condition has discovered a substitute that is more convenient, affordable, and accessible. Instances contain streaming services like Netflix and Disney. They are likely to switch consumers from going to movie theaters. This is alike to ride sharing services such as Uber which is more user friendly than calling a taxi service. Due to corona virus, consumers find it easier to work, learn and shop at home. In short, what was a peripheral substitute to the existing habit now becomes the core and the existing habit becomes the peripheral.

There is a universal law of consumer behavior. When an existing habit or a need is given up, it always comes back as a recreation or a hobby. Instances include hunting, fishing, gardening, baking bread, and cooking. It will be motivating to see what existing habits which are given up by adopting the new ways will come back as hobbies. In other words, will shopping become more an outdoor activity or recreation?



**Fig. 3: Acceleration Trends in the Past Habits**

**Modified Habits:**

In most cases, existing habits of grocery shopping and delivery will be altered by the new guidelines and regulations like wearing masks and keeping the social distance. This is evident in Asia where consumers wear masks before they go out from home. Modified habits are more likely in the services industries particularly in private services such as beauty parlors, spas, and gyms.

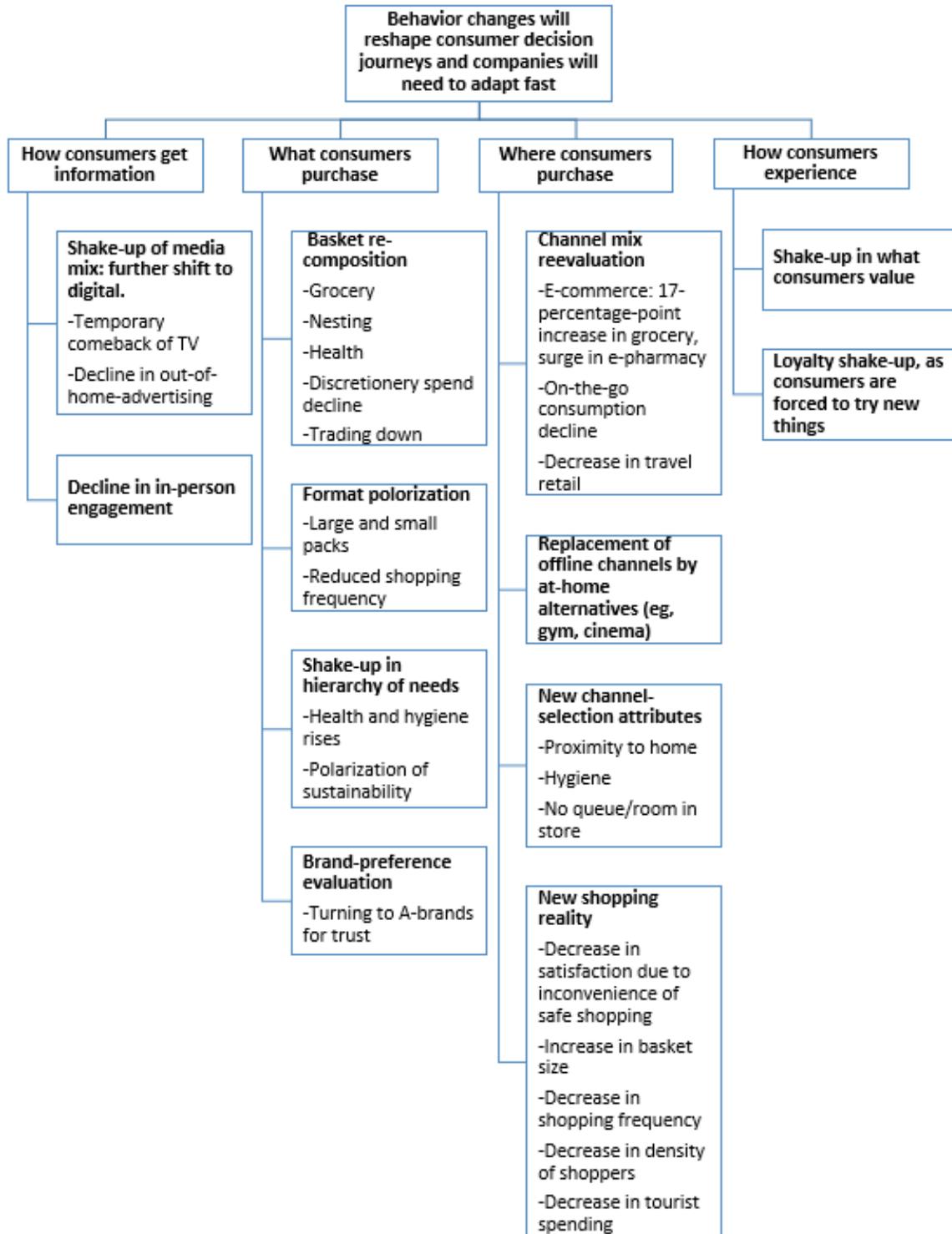
**New Habits:**

Three factors which are likely to make new behaviors. The first is public policy. The way we are used to security checks at the airports after 9/11, there will be screening and boarding procedures including measuring the temperature, testing for the presence of virus, and flight boarding. All main airlines are now putting new measures for embarking and disembarking passengers as well as meal services. As mentioned before, government policy to discourage or encourage consumption is very important to shape future consumption.

The second major driver of consumer behavior is technology. It has changed consumer behavior significantly since the Industrial Revolution with the invention of automobiles, appliances, and airplanes. This was trailed by the telephone, television, internet and now the social media and the user created content. The digital technology is making wants into requirements. For instance, we did not miss the cell phone but today you cannot live without it. Today internet is as vital as electricity and more vital than television. How technology transforms want into needs has significant impact on developing new habits such as online shopping, online dating, or online anything. More significantly it has equally significant impact on the family budget between the old necessities (food, shelter, and clothing) and new necessities (phone, internet, and apps).

The third context which creates new habits is the changing demographics. A few examples will illustrate this. As advanced economies age, new requirements for health preservation (wellness) and wealth preservation (retirement) arise. Also, aging population worries personal safety and the safety of their possessions. Finally, their interest in recreation (both active and passive) changes as compared to the younger population. Similarly, as more women enter the workforce, the family is behaving more like a roommate family. Eating meals together at home every evening is no longer possible. And the dinner together is more of a chore to be accomplished as quickly as possible. Right after the dinner each family member can spend time to their own private room or space and engage in text messages, YouTube, or watching television. Shared consumption is giving way to individual consumption at the ease for each family member.

As a single person household, new habits are formed about what to buy, and how much to buy and from where to buy. In conclusion, changing demographics, public policy and technology are major contextual forces in developing new habits as well as giving up old habits.



**Fig. 4: Behavior Changes Will Reshape Consumer Decision Journeys & Companies Need to Adapt Fast**

**RETAILERS WILL FACE CHALLENGES ACROSS MULTIPLE DIMENSIONS****1. Sales**

- Reinvent shopping experience: provide hassle-less shopping in high hygiene environment; change store layouts and proposition, reconfigure check-out, offer greater operating hours, offer omnichannel
- Right-size network to recognize 15% drop in consumption
- Leapfrog digital capabilities towards first-class e-commerce, seamless omnichannel experience; consider drive-through, click-and-collect
- Reexamine physical-store footprint, as traffic from professionals and tourists drops and impacts travel retail and on-the-go consumption

**2. Marketing**

- Consumers have altered where and how they engage, and marketing spending should reflect this
- Stay related across several touch points (brand.com, own stores, platforms, e-retailers, multibrand stores)
- Allocate resources in line with journey shifts, e.g., increase digital engagement (Social, Influencers, D2C) away from out-of-home advertising, print, trade marketing
- Win in loyalty shifts: ensure first-class CRMS (customer relationship-management system), foster trust through communication, and provide incentives for first-time shoppers

**3. Assortment**

- Re-imagine value for money: price, private label, merchandising, quality, branding
- Capture new requirements: health, fresh, safety, new ready to eat; lessen exposure to extremely discretionary categories
- Adapt formats to new needs: polarization in pack size (large and single packs) and hygiene certainty
- Rethink brand mix: increase exposure to post COVID-19 loyalty-shift winners (trusted A-brands and local brands), and simplify assortment

**MANAGERIAL IMPLICATIONS**

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

Fortunately, as more large enterprises have shifted to cloud computing, it has been simpler to improvise. This has been the case with supermarkets and large retailers like Walmart and Target. The latter, in any case, were joining their brick-and-mortar stores with their e-shopping and even capable of omnichannel delivery. In short, firms can learn how to make their infrastructure, systems, and processes to be more resilient; and in the process, manage worldwide crises such as the COVID-19.

A second managerial implication is alike demand and supply. At each seller ranging from the supermarkets to hyper stores to drug stores, there were chronic deficiencies due to hoarding and “run on the bank” mentality of consumers in a crisis. Supply chain, logistics, and warehousing operations are critical functions which require to be integrated with the volatile fluctuations in demand. In other words, unlike the current practice of keeping the products on the shelf with a backup inventory in the store’s backside, it will be ever more essential to inspire 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 transporting it to the customer. As mentioned above, customers coming to the market is not the same as market going to the purchaser.

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

## **RESEARCH IMPLICATIONS**

The lock-down and communal distancing upset the whole range of consumer behavior (ranging from problem recognition to search from information to shopping to delivery to consumption and waste disposal), it has generated various new research chances anchored to the real world. These parts of empirical research with theoretical propositions on hoarding, blurring the work-life borders, use of social media in a crisis are good chances to enrich the discipline of consumer behavior.

A social main area for the academic research has to do with consumer resilience and improvisation. It is a new field of research, and the pandemic COVID-19 crisis has surfaced it as a great research opportunity. For example, are there cultural differences in improvisation across the world? What are the different techniques used by consumers worldwide to separate themselves from the contagion?

Lastly, COVID-19 has increased the use of social media. They are generating massive amount of data on word of mouth. Current analytic techniques are not as beneficial with video conversations. Just as we developed Natural Language Processing (NLP) to analyze the text data, we will have to develop other techniques to analyze the video content probably anchored to ML

(machine learning) and AI (artificial intelligence). The virtual world is becoming more exciting to consumers compared to the physical world as we have seen in virtual sports and video games. Will artificial become real? For instance, is a relationship with a chatbot girlfriend easier and more enjoyable as equated to a real girlfriend or boyfriend? In a recent article in Wall Street Journal, Parmy Olson describes numerous anecdotes of how individuals are communicating with chatbots. According to the author, Microsoft XiaIce social chat-bot has more than 660 million users in China alone. In brief, the artificial has become actual.

## **CONCLUSION**

The COVID-19 pandemic has brought extraordinary challenges to the world and led to a new normal life - style. To contain the spread of the virus, most countries declared a lock-down, resulting in unemployment, uncertainties, and economic recession. Countries started thinking about producing goods and services indigenous and reducing excessive dependency on other countries. India is not an exception and started promoting the production and purchase of Indian – made goods and services.

The lock-down 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 inflexibility, consumers have learned to improvise in creative and innovative ways. The work-life margins are now blurred as people work, study, and relax at home. Since the consumer is unable to go to the market, the market has to come to the consumer.

Being consumers adapt to the house arrest for a lengthy period of time, they are likely to adopt newer technologies which simplify work, study, and consumption in a more suitable manner. Embracing digital technology is likely to adjust existing habits. Finally, public policy will impose new consumption behaviors particularly in public places such as airports, concerts, and public parks.

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