Consumer Characteristics and Behavior in the Era of Covid Epidemic

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Abstract: A pandemic brings change to health and quality of life, it may also adversely impact financial and food security. These changes also alter how humans react to the situation, sometimes in a very contrasting way from their normal behaviors. Consumer behavior is not general human behavior, it is rather a very specific behavior directed toward the search, purchase, sale, or disposal of goods or services. In times of crisis, consumer behavior can go through a three-step cycle of reacting, coping, and long-term adaptation. The pandemic can also impact food consumption in the face of shrinking income, closure of food service, and managing the household as a unit of consumption in the face of any uncertain shortages. The pandemic has impacted consumer behavior by impacting the shopping habits of people. During the pandemic, impulsive buying was caused by the emotion of fear. These studies used the theory of fear appeal to explain the three important concepts of "perceived efficacy, threat, and fear." This theory suggests that fear generates an emotional reaction from customers. Covid-19 has brought extreme challenges for governments, businesses, and societies across the world. These challenges have affected psychological, social, and economic changes. Unemployment without an alternate employment option available during the pandemic has impacted household finances severely. Along with its financial impact it has also caused stress and changed consumer behavior. With the uncertainty that existed and shrinking incomes, the way consumers buy, shop, and consume items changed.

Keywords: Customer Behaviour, Purchase Pattern, Food, Pandemic, Covid-19, Essential Terms

1. Introduction

The covid-19 pandemic has quite literally changed life as we know it. It has not only left long-term health challenges for people who contracted the disease but has also changed the psychology and behaviors of people as well. Originating in 2019 its spread increased with every passing day making the world face a global health crisis. Across the world, the countries were put into social and economic hold impacting global economies in its wake [1]. To control the spread of the disease governments around the world mandated social distancing and lockdowns. Many people were isolated from their loved ones whereas others faced loss. The increased broadcasting of events through television channels and social media networks made information accessible but at the same time also caused stress, sadness, panic, and distress. Human behaviors are impacted by their outside world; the pandemic has been a massive trigger in influencing the behaviors of people [2]. These factors

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have a psychological impact on consumers and have changed their attitudes and behaviors. The local and global environments impacted the economy of the world. As markets are driven by their consumers and the pandemic altered the behavior of the consumers. A change in the spending trend of consumers has been observed globally as many consumers shifted towards the purchase of necessities rather than luxury items [1]. It is interesting to note that consumers around the world responded to the pandemic differently. Some took this as an opportunity to reflect on their consumption and shift to more sustainable purchase behaviors. Others still opt for buying products for indulgence to relieve stress and treat themselves. While some can also panic and buy more than necessary from the fear of supply shortages or price hikes [3]. This paper will look at existing studies carried out to study consumer behavior during the covid period.

2. Mental Health and Consumer Behavior

Throughout history, human societies have faced situations of widespread disease and pandemics. Each time this has introduced some social, political, economic, or behavioral changes in the community and mentality of the people. Many changes in institutions and policies also result from the change in the psychology and behavior of societies. Since the Covid pandemic, everyone around the world seems to be aware of the fact that some things have fundamentally changed in our modern societies. These changes have trickled into the contemporary lifestyle and thinking as a result of living through the events of the pandemic. A pandemic brings change to health and quality of life, it may also adversely impact financial and food security. These changes also alter how humans react to the situation, sometimes in a very contrasting way from their normal behaviors [4]. Consumer behavior is not general human behavior, it is rather a very specific behavior directed toward the search, purchase, sale, or disposal of goods or services [5].

It is vital to understand that people process external stimuli in different ways and during a pandemic may end up going through an overload of stimuli. Therefore, before looking solely at consumer behavior it is necessary to consider some aspects that impact the mental health of people which would then impact their behavior as a consumer as well. Pandemics become out of control because of the ease with which the disease can spread and tends to bring large-scale death. Fear, loss, and helplessness can severely damage the human spirit. People had to be isolated either because of disease or because of government-imposed lockdowns leading to feelings of loneliness, frustration, and annoyance [6].

Numerous studies show many groups in society faced social discrimination because of the stigma associated with covid. A study conducted in China concluded that healthcare workers faced an increase in mental health issues which included insomnia, anxiety, and depression [7]. Another study conducted with healthcare workers in the United States showed that there was an increase in fear the healthcare workers felt for personal safety [8]. Also general public in China [9] and India [10] both reported significant psychological impacts of covid such as anxiety, depression, and stress. Studies conducted across Europe also explored the impact of lockdown and isolation on the mental health of people. The studies concluded that humans are not essentially designed to be alone and isolated because of their innate need to socialize and be part of a wider community. Most humans draw their identity from the groups they are associated with and the absence of these connections has psychological impacts [11]. An article published by Lancet stated that there is a long-term psychiatric impact even when the isolation is for as short as ten days [12]. It can impact sleep patterns, nutrition intake, and absorption damaging both physical and mental health. Studies in regions such as China and Nepal where quarantine and lockdown rules were strict have also reported higher suicide rates [6].

Another important factor to consider in terms of how the environment of people would impact behavior is their economic status. The pandemic brought not just social life to a stop it essentially halted economic activity in its wake. Social interaction and economy are complexly intertwined with one affecting the other. Due to lockdown and social distancing mandates many businesses closed down, many daily wage workers were simply unemployed, and many converted into online models in the spur of the moment. This situation can threaten the financial safety of people as low-er-income groups may not have much savings and could be pushed into poverty [12]. Research shows that low-income groups in any country would have higher socioeconomic distress as the pandemic can threaten food affordability, housing insecurity, and inability to meet medical or other necessary expenses. Economic distress can have a long-term impact on consumer behaviors [13].

3. Consumer Behavior and Covid 19

Studies have also been conducted to understand consumer behaviors before and after the pandemic. These studies are directed at exploring the various levels through which consumer behavior changes in a crisis [14-16]. Studies conducted related to consumer behavior before the covid pandemic show that when people face a personal crisis such as loss through death people tend to discard older items that remind them of old times and buy new ones [17]. Prior widespread diseases such as SARS in the recent past can be used to predict two dominant behaviors for the covid pandemic. These two consumer behaviors are the purchase of essential items or preventive and protective items. Another important avoidance behavior that emerged during the disease outbreak period was limiting leisure activities outside of the home [18].

In times of crisis, consumer behavior can go through a three-step cycle. In the beginning, when the situation is uncertain many consumers react to the situation. When the situation prolongs for some time many adapt to the situation and exhibit coping behaviors. Lastly, the behaviors are transformed leading to long-term adapting behaviors [3]. This three steps cycle generates specific kinds of consumer behaviors guided by fear.

At the beginning of the pandemic, the uncertainty was high and people were not prepared in any way for the situation. This generated a reaction in the form of hoarding behavior. According to a survey by NCSolutions, the US saw an increase of 845% in household spending [19]. Hoarding behavior is exhibited in case of perceived threat. Many psychological theories support this notion. According to the psychological reactance theory by Clee and Wicklund unavailability of a product is perceived as the loss of control or a perceived higher need for the product, both cases leading to hoarding [20]. Once they possess the product it gives them comfort and security. Hoarding results in wake of a disaster as a risk aversion strategy [21]. As people are accustomed to availability and choice. When the pandemic disrupted supply-chain channels the variety and eventually the availability both suffered acting as a cue for customers to buy more than needed to avoid any disappointment [14].

Moving further into the pandemic, many people were isolated, they were no longer able to socialize and meet other people for the first time in their lives. People now opted for purchases that were more under the coping behavior. Many people purchased an online streaming subscription, some people purchased an online course to learn something new, and some people indulged in new hobbies

4. Food

The study by Bender et al researched how consumer behavior toward food consumption changed in the face of shrinking income, closure of food service, and managing the household as a unit of consumption in the face of any uncertain shortages [22]. The study found that supply chain disruption led to shortages later during the pandemic. At the beginning of the pandemic around March 2020, consumers ended up hoarding food items as a result of panic and fear and at times misinformation

being spread. For instance, in the UK the Waste and Resource Action Plan reported that consumers were buying in larger volumes but at a lesser frequency. Another important change in consumer behavior was making grocery lists and improvement in pantry organization. Both the UK and Italy reported lower food wastage by the end of the year 2020 [23]. The US showed a trend of people stockpiling food with some attributing it to the uncertain conditions while others attributing it to the closure of restaurants and food service [22].

A study by Zwanka and Buff also found that food companies that sell ingredient kits for specific food recipes, had increased sale volume during the pandemic. Their study was directed at China and they found that companies such as Hello Fresh and Blue Apron that were on the verge of going out of business, revived and became profitable [16].

5. Purchase Behavior

The pandemic has impacted consumer behavior by impacting the shopping habits of people. People learned and started to rely more on the limited online shopping options that were available during covid-19. What started as a response to the government's social distancing and lockdown mandates has drastically modified the buying and selling habits of the people. Consumer habits are formed over time and are embedded in the context of time and place. Four important contexts help in the formation of consumer habits. This includes the social context, the technology, the rule and regulations, and lastly any unforeseen crisis or disaster. Social context can refer to the stages of life such as before and after marriage or before and after having children. It also includes the social group one associates with such as work, friends, and family. Technology includes products that offer upgraded and additional functionalities and at the same time, it also includes how it facilitates procuring those products. For instance, easy access to information on smartphones has increased their access to information about products. Consumers of today are educated regarding the product they want to buy with price and functionality comparison. Technology has also facilitated the online purchase and sale of products and services [15]. Covid-19 mandates made it difficult to go out and shop thus limiting the place context. As people could no longer go to offices or their designated sites of work many people were working from home during the pandemic.

Consumer behavior is guided by necessity and habits. The pandemic changed both of these aspects as people learned what was a necessity and what was a luxury, especially in the wake of compressed incomes and unemployment. An example of this is the survey conducted by McKinsey in 2020 which revealed that 76% of consumers agreed that they need to be more careful in spending their money more wisely [2]. During the pandemic people also had to shift to options that were affordable, accessible, and convenient. It may be the case that some of these habits remain even after the pandemic ends. For example, people may prefer to shop online rather than spend extensive costs of time, fuel, and money shopping in a mall. At the same time habits such as cooking at home that may have increased the purchase of basic grocery items may diminish once again as people return to offices and work and can no longer keep cooking. They may return to their older habit of ordering food [24].

Some new habits have also been formed over time this includes the context of technology as today internet has become as essential as electricity. Similarly, new habits such as prioritizing health have been formed during the pandemic.

6. Fear

Research shows that consumer behavior related to planned purchases is guided by practical or utilitarian stimuli and impulsive purchase is guided by emotional stimuli. During the pandemic, impulsive buying was caused by the emotion of fear [25-27]. These studies used the theory of fear appeal

to explain the three important concepts of "perceived efficacy, threat, and fear." These studies discussed that fear generates an emotional reaction from customers. This reaction is important in studying impulse buying patterns such as hoarding. In normal circumstances, a customer's purchases are based on their physiological needs of hunger and clothing according to Maslow's Hierarchy. In a crisis fear of not being able to meet these needs triggers impulse behavior such as hoarding. The role of media is also important to understand consumer behavior. During the peak time of covid as people were isolated and living in lockdown situations the major source of information and misinformation. This was the main contributor to the mass panic that was created among people. This situation changed consumer behavior as it incited fear and panic. The role of media can also be considered in causing stress and depression to people, especially the ones living in isolation. This research also showed that items such as food, medicine, and hygiene products were the top categories to be shopped for, during the covid pandemic [28].

A report published by Accenture revealed that people were worried about both the health and economic crisis that covid will leave in its wake. A survey by Accenture showed that around 88% feared the economic crisis whereas 64% also feared unemployment. 64% person people also expressed fear about their health [29].

7. Conclusion

Covid-19 has brought extreme challenges for governments, businesses, and societies across the world. These challenges have affected psychological, social, and economic changes. Unemployment without an alternate employment option available during the pandemic has impacted household finances severely. Along with its financial impact it has also caused stress and changed consumer behavior. With the uncertainty that existed and shrinking incomes, the way consumers buy, shop, and consume items changed [24]. Consumer behavior is a widely studied area in business as the demand and purchase of the consumers drive the market. As humans are affected by their environment and people the covid pandemic serves as a perfect example to see how people react to a crisis or disaster. In the early days of the pandemic because of a lack of information or because of the refusal of people around them most people dismissed the gravity of the situation. Whereas a few months into the pandemic as fear set in and people were socially isolated new consumer behaviors emerged. People panicked when there was a shortage of an item and stockpiled. This shows that fear can be an important trigger to study and understand consumer behaviors during a crisis. The study by Eger et al concluded that fear was an important factor in guiding consumer behavior during the pandemic. The fear also made people try new products as these were the only ones available, affordable, or convenient during the pandemic [28]. The report by SlickDeals showed that the dollar value of impulse buying in US households increased to \$183 from \$155 [30].

The impulse buying theory by Hawkin Stern opposed the theory of motivation proposed by Maslow. Maslow's theory suggested that any action to fulfill a need is rational and planned. Stern however proposed that cues from the external environment are a cause of impulse buying. This aspect of consumer behavior is the reason that consumers show higher engagement and motivation to purchase in response to promotional campaigns by a brand or business. Although for crisis impulse buying is a reaction to fear of the uncertain, in normal conditions impulse buying is a major sale percentage in the retail sector. Especially when people move around in the shopping malls where they end up buying items that were not on the grocery list [24].

Consumer behavior has also been impacted by technology. This has not only impacted the frequency of purchase but also the volume. Technology has also changed the perception of shopping as online shopping has shown people that they save money forms, such as the cost of fuel, its cost to the environment, time, and unnecessary impulse purchases. A survey also showed that roughly 46% of people in the US ordered groceries online first time during the pandemic. Furthermore, 71% of

people showed an inclination to shop online in the future as well [24]. Not only has technology increased information access for consumers, but it has also helped businesses to stay alive during the pandemic. Businesses using cloud computing can improvise and at the same time save costs by operating online. Technology has increasingly changed consumer behavior in one way or the other [24].

Just as consumer behavior has changed due to the pandemic, businesses also had to evolve equally. The change in consumer purchase patterns impacts businesses, especially brick-and-motor shopping malls. If customers do not return to the malls again the business will have to strategize to bring them back. With changing, demand and supply patterns during the short span of three years businesses also need better inventory management, as that again is guided by consumers [15]. A report by Accenture showed that another important change in consumer behavior is increased consciousness, supporting local produce, reducing waste, and looking for sustainable consumption and options. Businesses would need to see how this change will impact them [29].

Consumer behavior has evolved as our societies and contexts have also evolved. This domain offers many research opportunities as consumer behavior is an important market driver. Even the marketing efforts planned by a business keep the target consumer and their behavior in mind.

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