

The Impact of COVID-19 on Consumer Behavior

Satyendra Singh

INTRODUCTION

Pandemic is not a new type of outbreak. COVID-19 is the fifth such documented occurrence in the last century (World Economic Forum [WEF], 2020), with total number of confirmed cases being over one million worldwide. During the last two decades alone, the world has witnessed SARS (Severe Acute Respiratory Syndrome) in Hong Kong, Ebola in Sierra Leone, and Zika in Brazil. Table 3.1 lists the timeline of some of the major pandemics. Naturally, COVID-19 has created an unprecedented

Table 3.1: Timeline of Some Major Pandemics

<i>Name</i>	<i>Period</i>	<i>Type</i>	<i>Deaths</i>
COVID-19	2019–	Coronavirus	1.2 m
MERS	2015–	Coronavirus	850
Ebola	2014–2016	Ebolavirus	11.3 k
SARS	2002–2003	Coronavirus	770
Swine Flu	2009–2010	H1N1 Virus	200 k
HIV/AIDS	1981–	Virus	25–35 m
Hong Kong Flu	1968–1970	H3N2 Virus	1 m
Asian Flu	1957–1958	H2N2 Virus	1.1 m
Spanish Flu	1918–1919	H1N1 Virus	40–50 m
Russian Flu	1889–1890	H2N2 Virus	1 m
Yellow Fever	Late 1800s	Virus	100–150 k
The Third Plague	1855	Bacteria	12 m
Cholera	1817–1923	Bacteria	1 m
Smallpox	1520–	Virus	56 m

Note: k = thousand; m = million

Source: World Economic Forum, 2020.

situation for consumers, retailers and governments, as they are compelled to go online and operate under the public health and safety guidelines such as lockdown, social distancing, and sanitization measures, among others.

For the purpose of this chapter, we focus on how the need to maintain government safety regulations such as social distancing has caused consumers, retailers and governments to go online to do transactions in a safe environment. The increased online activities during the COVID-19 means that businesses need to adjust to a new form of interactions with consumers that can offset the loss of in-person shopping experiences. One of the effects of the COVID-19 is that potential customers now appear to be more inclined to search for product information, and accordingly read and write online product reviews rather than talking to salespersons in physical stores. Thus, businesses have the opportunity to recognize the interactive nature of consumer behavior and turn it into a relation-based marketing strategy that involves customer interaction and continuous assessment of online consumer experiences and expectations in order to develop products and services (e.g., hand sanitizers, masks, and online retailing) that are particularly suited for marketing during the pandemic. The role of online product reviews during the COVID-19 environment cannot be underestimated given the significant increase in new product availability, their perceived quality and consumer purchase intention.

There has been much discussion about online reviews relating to demographics, psychographics and technological acceptances. However, in this chapter, we fill the gap and contribute to literature by examining the impact of the COVID-19 environment on the nature of consumer behavior as evidenced by online reviews and the subsequent need for more product- and service-related information to make informed purchase decisions.

Specifically, the purpose of the chapter is to explore how the COVID-19 may affect consumer behavior (e.g., online search for information and reviews), retailer operation (e.g., online distribution for fast and reliable delivery), and government policy (e.g., online safety and quality assurance-related regulations). The implication of this study for the business manager is in the recognition that the nature of online search and reviews could be a predictor of product quality, hence an opportunity for modifying or developing products and services that are ideal for businesses during the pandemic. In the next section, we explain the impact of the COVID-19 on consumer behavior, retailers and governments, followed by a conclusion and implication for managers.

IMPACT OF THE COVID-19

The premise of the chapter is based on the concept of relationship marketing theory which postulates the need to focus on individuals in order to form one-to-one

relationships that generate information with a long-term focus on business and growth strategy. In this context, relationship marketing exerts an integrated effort to identify, maintain, and build a network of consumers that is strengthened for the mutual benefit of both consumers and businesses through individualized value-added contacts over a long period of time (Shani & Chalasani, 1992). Using this theory, online product reviews may represent the relationship between consumers and businesses, and a database of information about consumers' reviews of a firm's products and services that the business can use to improve or modify them. In this context, COVID-19 is the scenario in which the consumer behavior may occur.

Consumer Behavior

COVID-19 has forced most consumers to search for more product-related information online as they are avoiding going to malls so that they do not contract the virus. One of the ways to search for such information is via online product reviews. Online reviews can be provided by consumers who have used the products or by online influencers or retailers themselves—Amazon has a vine program in which qualified reviewers can review products and, in exchange, get them for free. Online reviews can relate to product description, personalized advice or customer service; each of these options has the potential to add value to a prospective customer's about the product quality which may lead to purchase intention. However, during the COVID-19 environment, there has been a significant increase in online product availability (e.g., health-related products, foods, so on), and hence online product reviews. Positive online reviews are particularly desirable during the COVID-19 as many products are new for customers to make purchase decisions with complete information because they may lack full information on product quality, seller reputation, and the available options. On the other hand, consumers may be delighted by the fact that now there are more opportunities for them to shop online and thus write product reviews themselves.

The COVID-19 pandemic has also created a very competitive online business environment. Firms are under pressure to offer new products and services online in order to maintain their market share and profit. Because many firms will be offering products or services for the first time, there may be gaps in demand and supply chains, or delays in product deliveries in saleable conditions. Most supply channels and customer service call centers now have exceedingly long waiting times. Customers, unused to the new realities of businesses, are more likely to write online reviews. This consumer behavior may result in more negative reviews, particularly for new health-related products such as hand sanitizers, masks, so on. than the usual products. As such, customers feel empowered to use technology to be able to write reviews anonymously. In fact, firms can use this empowerment as a strategy to give customers a sense of control over a company's products and enable them to virtually engage in a

meaningful and challenging way, and effectively share their knowledge with retailers and potential customers (Fuchs & Schreier, 2011).

Customers had to modify their shopping behavior to comply with health restrictions. Based on the research, here is some of the modified consumer behavior in the context of shopping and retailing. First of all, consumers who were not used to online shopping had to do it to avoid contact with other people due to the need to maintain social distancing. Once customers were online, they were presented with a plethora of options to choose from both in terms of number of online retailers and product categories and subcategories. Therefore, unless the brand had a destination website, customers had no idea preferences in an online environment as to which retailer to choose. Invariably, customers chose an online retailer and product that provided the maximum value and satisfaction from the purchase. Indeed, COVID-19 created a new segment—no preference segment for selecting an online retailer. This segment is expected to grow in size and demand given most firms have allowed their employees to work from home, which has allowed them to move back to villages and work there as opposed to having to live in a town or city. Naturally, villages or remote areas do not have superstores, so this segment is expected to order online. There is also a growing trend for customers to order groceries, vegetables and fruits online, forcing online retailers to be very competitive and rapid in delivery of the products. Although ordering online and having the items delivered may not be a challenge for those who live in advanced countries, it may be found relatively easy to order online but deliveries may be delayed due to the lack of infrastructure and transportation systems (particularly during COVID-19) for those living in developing countries.

Retailers

COVID-19 has impacted retailers equally. The intention of online product reviews is to facilitate exchanges of experiences and opinions about products and services. Websites such as Yelp.com and Epinions.com are dedicated to online customer reviews (Robson *et al.*, 2013). However, the reliance on online reviews has led to a change from consumers relying on knowledge from trusted specialists to relying on knowledge whose source is often anonymous. It is also relatively simple for a retailer or manufacturer to manipulate online reviews, as they can anonymously submit strategically biased information to potential customers. Complementing its own products anonymously or talking ill about its competitors' products is the simplest strategy that a retailer can use to manipulate online reviews. It is expected that a firm's motivation to manipulate online reviews is due to the need to increase its revenues (Dellarocas, 2006). Although writing fake online reviews is not new, COVID-19 might have made it more competitive to look superior to competitors'

products. In fact, some online platforms have recruited people to write false positive reviews in exchange for money (Byrne & Post, 2013). As such, governments may need to intervene through consumer affairs policies.

Further, the COVID-19 has somehow masked the importance of sustainability in the reuse of containers. People are hesitant to reuse their cups while having tea or coffee due to the fear of contracting the virus, leading to a significant increase in the use of single-use cups under the public health restrictions. Even after the health restrictions are lifted, it would be challenging for firms to secure infrastructure to recycle and decompose the packaging and get it out of the waste system. However, biodegradable material or mono-material may increase recycling efficiency and thus sustainability. In this context, partnering with Loop, Tim Horton has initiated a program in which customers would need to deposit a fee to use the cup or container which would be refunded when the customers return or drop off the cups at the designated locations. The concept of reusability is equally applicable to other food containers as well. Brands need to strike a balance between the desire to protect the environment and sustainability, and the need to provide superior customer experience and be commercially viable.

Governments

The outbreak of the COVID-19 has posed new challenges relating to online shopping. Customers may not know the quality of the online products they are buying, how the products, particularly relating to health and food, were handled, or if the supply chains were infected with the virus. The changing behavior towards online shopping has created a need for governments to promulgate quality-assurance-related policies and regulations for online merchandising. It is observed that online fraudulent activities, misinformation and fake news have increased significantly during the COVID-19 and caused confusion among customers. For example, a recent study in China finds that online meat products could be potentially hazardous unless safety is assured (Liu *et al.*, 2019). A government intervention may be needed to ensure particular temperature control at which meat can be transported and sold. Indeed the food security and risk involved in online purchasing may limit customers' choices. Although a country-of-origin certificate may build confidence among online shoppers in advanced countries, it may be challenging if products originate from developing countries or emerging markets. Distribution of food items, particularly fresh fruits and vegetables, in small towns and cities can also be challenging.

During the COVID-19 pandemic, the online threat to consumers, retailers and governments cannot be ignored. Cybersecurity-related threats to businesses have increased significantly as evidenced by the increase in arrivals of scam and unsolicited emails or attacks on servers. Even government security systems appear to be attacked

in US and Iran, among other nations. Although some cybersecurity risks can be mitigated by regularly applying security-related updates and patches and installing anti-virus software, it is also advisable to prepare data protection and management programs for backup and recovery purposes. Carter (2020) further suggests, based on the recommendations of Deloitte, the five recommended R's to consider when modernizing systems: (1) *Platform* relates to upgrading software and transitioning to the new cloud-based platforms or any platform which is virtual and secured. (2) *Revitalizing* can be thought of as adding another layer of capability that enhances the data management process and the usability of the digital solution with the aim to enhance employee engagement. Employees can use the data to predict and prescribe solutions for customers' problems. (3) *Remediate* can address issues relating to complexities arising during the implementation of the new security system. Objective of the new cloud-based or virtual platform is to increase usefulness of the data through the application of technology to find solutions to clients' particular needs while minimizing the costs of maintaining the security system. (4) *Replacement* may be required when a part or whole IT system needs to be replaced for security, efficiency and economy. The aim is not to replicate the existing system or the old way of doing things but rather focus on identifying new capabilities and solutions in the new system. (5) *Retrench* strategy may be adopted, meaning the existing system can be operational for time being and hence there is no need to do anything for now.

However, a long-term plan is needed to upgrade the cybersecurity system given the need for firms to allow their employees to work remotely and securely. In fact, securing remote devices and computers for employees is not as easy as protecting computers in offices. One way of securing remote devices is to install digital certificates on computers or devices and link them to the user's identity on the server. The use of multiple passwords on multiple devices also leads to more cybersecurity. Mappala and Pasco (2021) found that some firms have adopted the use of robotic process automation even in accountancy.

CONCLUSION

The purpose of the chapter was to explore the impact of the COVID-19 on: (1) consumer behavior as evidenced by the increased number and impact of online product-related reviews; (2) retailer and manufacturer behavior as evidenced by the manipulation of some reviews; (3) governments whose supports are needed to regulate to ensure that quality products and services are being sold in a safe online environment. Consumers make purchase decisions based on their perception of a product being recognized positively by online reviews. Marketing managers may use the consumer behavior and psychological traits to their advantage to create an online environment that reinforces positive perception of the products and services. As such,

customers trust online reviews posted by other customers more than reviews posted by retailer-driven communication content writers or departments which are likely to evoke negative reactions and are perceived as manipulative marketing tactics (Racherla *et al.*, 2013). It appears that even though online reviews may lack credibility, such reviews have a positive impact on business performance. Online reviews are an important source of information for businesses to create competitive advantage. Managers can use the customer analytics to track effectiveness of online reviews, posted by either consumers or retailers.

Indeed, visiting brick-and-mortar stores is a hassle for many customers as they need to wear mask, move in unidirectional aisle, sanitize hands, maintain social distancing and wait in the long queue outside the store. Waiting outside in cold countries is as such unhealthy regardless of the prevalence of COVID-19. Thus, the pandemic has resulted in the formation of a new segment labelled as no preference segment. This segment is defined as that which is value and process conscious. Value addition is important during COVID-19, as many people have either lost their jobs or have reduced income, so it is logical for them to shop for value-based products. Managers should endeavor to deliver on this aspect of shopping. They should also be particularly interested in tracking these customers through analytics and data visualization in terms of their length of stay on the websites or pages, number of clicks and whether their visits resulted in purchases. This segment also opens the door for retailing perishable products online particularly for customers living in remote areas. There is a trend of people moving from crowded cities to sparse villages or small towns where the need to maintain social distances is relatively easy. Cybersecurity-related concerns should be alleviated to minimize the hesitancy of customers when ordering online.

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