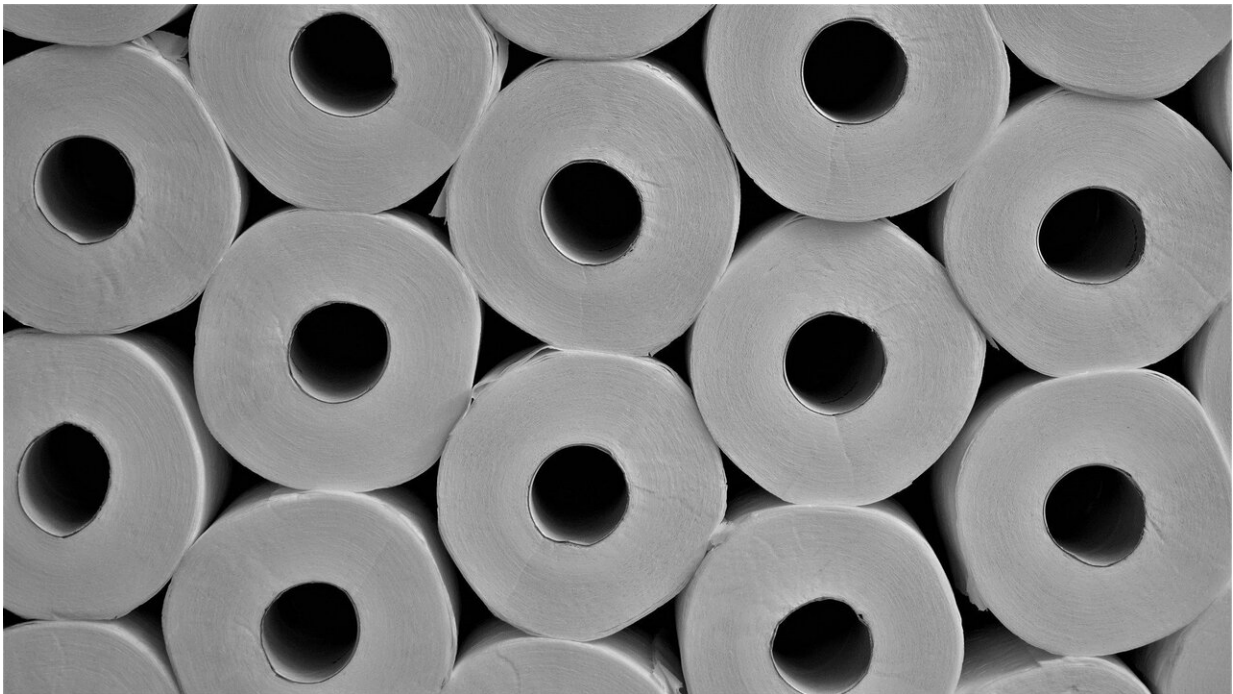


# COVID-19 has changed consumer behavior. What does it mean for the future?

April 24 2020, by Alexis Blue

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Despite toilet paper hoarding and panic buying, overall consumer spending has sharply declined since the onset of the COVID-19 pandemic, with retail sales dropping an unprecedented 8.7% in March. Stay-at-home orders also have caused many people to change the way they shop for the things they do need.

Sabrina Helm, associate professor in the Norton School of Family and Consumer Sciences in the College of Agriculture and Life Sciences at the University of Arizona, talked to UANews about [current trends](#) in consumer spending, online shopping and stockpiling and what they might mean for the future of retail.

**Q: What are the most significant changes we are seeing in consumer behavior as the result of COVID-19?**

A: Overall, consumers are dramatically reducing most discretionary spending, which has grave consequences for some industries, such as restaurants, apparel, footwear, accessories, travel and entertainment out of home. As many consumers are under stay-at-home or shelter-in-place orders around the nation, they are likely to continue reduced spending patterns in these and other product categories. We can see from other countries that are ahead of the United States, in terms of progress along the contagion curve, that shopping habits before, during and after the COVID-19 peak indicate that spending in a number of categories remains low for months or possibly even longer. For example, consumption for apparel and in department stores has not yet picked up significantly in China and some other countries that reportedly consider themselves to be "past peak." This is in line with consumers' expectations that we may have to wait for several more months, if not longer, before routines can go back to normal, and many households expect their income to be negatively impacted for a long time.

In terms of behavior changes, the rise in [online buying](#), specifically for groceries, is noteworthy. Among all age groups, there is a large segment of consumers who tried online grocery buying for the first time in March, and many will likely continue to buy groceries online, at least as long as the pandemic continues. Of course, it is impossible to foresee

whether a large share of consumers will remain loyal to online shopping or go back to the brick-and-mortar store experience once we feel safe to do so. Most of us have missed the social experience of shopping for many weeks now, and the convenience of the online channel may not make up for this.

Another way in which [consumer behavior](#) has changed is in terms of stockpiling. Many American households did not store food and household items in an amount necessary to overcome even short supply shortages. Most American consumers grew up with well-stocked, if not overstocked, shelves and a wide variety of brands to choose from at all price levels. Some older consumers or those living in areas struck by natural catastrophes may remember a time when they could not simply go to the store and get whatever they wanted. Until very recently, it was not conceivable that staple products such as diapers, soap or the infamous toilet paper would not be readily available in any quantity one wanted to purchase. This experience of scarcity and underpreparedness for disasters likely will impact our consumer behavior going forward, and it may also make many consumers consider keeping safety stock inventory at home on an ongoing basis.

## **Q: How are consumers reprioritizing their spending?**

A: Globally, consumers are still spending—and sometimes spending more—on staples such as food, household supplies and personal care items, and we also see increases in home entertainment. As noted, online buying has significantly increased with regard to grocery and household items, but that growth in online sales has not come close to offsetting the overall reduction in [consumer spending](#). In terms of service, delivery obviously has seen increased demand, and some parts of the takeout food sector are cautiously optimistic.

Market research company Nielsen has identified six key consumer

behavior thresholds tied to the COVID-19 pandemic and their results on markets. These are proactive health-minded buying, reactive health management, pantry preparation, quarantine prep, restricted living and a new normal. (Read more on the Nielsen website.)

**Q: It seems like some businesses are benefiting from current conditions while others are struggling. What will this mean for the retail industry in the future?**

A: In terms of retailers benefiting financially from this crisis, there are only a few that come to mind, such as large online retailers—in particular, those that also sell household goods and groceries. Chains with major grocery sales like Walmart, Target, Kroger and Costco are presumably doing rather well.

However, we need to consider that all retailers, whether brick-and-mortar or online, have had to implement costly procedures to increase the safety of their employees and customers. Most are struggling with supply chain disruptions, which affect how they can operate safely or what products they can offer to customers at what times.

Even for the grocery industry, the increased demand for staple products causes difficulties, as this increased demand now means less product availability for consumers in need, and a decrease in sales of staple items in the weeks or months to come as consumers will just deplete their inventory stocked at home. In addition, grocery stores had to quickly increase their online offerings at a time where many chains were still in semi-experimental stage due to relatively low demand for online grocery delivery just a couple of weeks ago.

In terms of a tentative outlook for the future, certain store formats, such as department stores, may continue the decline that already started prior

to COVID-19, and specialty retailers remain under pressure from online giants, given that more and more consumers of all age groups get more familiar and comfortable with shopping online. This is in line with trends that started before the current pandemic, which simply speeds up the need for adaptation.

**Q: Could the reduced consumption we're seeing now result in a longer-term shift to more minimalism among consumers, even after the pandemic is over?**

A: COVID-19 and the subsequent economic crisis will mean financial hardship for many consumers, which will require many to reduce their spending for possibly some years. It is conceivable that, as a consumerist society, we learn a lesson from the current crisis in that certain products might not always be available to us, that we can't always just go to the store and get what we want or that we have to curb our mobility and associated consumption. The longevity of behavior change probably depends on how long we will have to live with shutdown scenarios. This collective experience may enable us to look at consumption reduction as something we can learn and adjust to, instead of perpetuating our consumption-heavy lifestyles, which accelerate climate change. I am cautiously optimistic that we will have some momentum with consumers, industry and the government to address the need for continued consumption restraint to meet the challenge of climate change, but I also see potential for rebound in that [consumers](#), once again free to roam the stores, will simply try to go back to business as usual.

**Q: Do you anticipate any other trends we are seeing becoming permanent?**

A: I think that retailers have an incentive to develop better and more effective infection prevention strategies that will enable them to better

prepare for future health crises, as well as develop or maintain appropriate procedures to prevent hoarders from buying up all stock in coming crises. Behavior changes regarding safety and health preservation in store environments or the delivery service context are also important.

On the consumer side, it may be that many will start to keep a safety stock of staple items. Other habit changes may include taking advantage of options that limit in-store interactions, like BOPIS—buy online, pick up in store, curbside pickup and subscription services. Also, as many of us become more proficient at videoconferencing and maintaining social distancing measures, we may be more reluctant to visit crowded spaces and will continue to spend more time at home with our families or commute less to work. All of that has implications for how we buy and consume.

Provided by University of Arizona

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