

## THE CONSUMER BEHAVIOR UNDER THE PANDEMIC UNCERTAINTY: ANALYSIS OF THE EMPIRICAL FINDINGS IN GLOBAL CONTEXT

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***Abstract:** During the last year the consumer behavior was alternated under various factors, one of these being the uncertainty generated by the global health crisis. The Covid pandemic affected all the aspects of people's life – economic security of the household, job security, income security, social relationship, physical and mental health, social isolation and so on. In this context of economic and social shifts, it is very important for business survival to understand how consumers changed their behaviors, and how these changes will persist for a long time. Thus, the purpose of this study is to emphasize some of the most important behavior shifts since the first months from the pandemic start, considering different national contexts in which surveys were conducted and to present the most important aspects of a crisis – the uncertainty and risk – the two elements with important impact on consumer behavior*

**Keywords:** Crisis, Uncertainty, Consumer behavior, Pandemic.

**JEL Classification Codes:** D81, D120, M31.

### 1. CRISIS AND UNCERTAINTY

As Mizutori (2019) pointed out the complex interactions between climate change, ecosystem fragility, disease outbreaks, rapid urbanization, mass dislocation and geopolitical instability, fueled by the interconnection of communications, trade, financial systems and politics means that shocks, turbulence and crises are impacting today globally. Also, Bell et al. all (2009) sustained that crowded urban areas in both developing and developed countries are vulnerable to public health crises. The more concentrated the world becomes in urban agglomerations, the more likely the pandemics will appear. On the other hand, according to Dutt and Padmanabhan's (2009) study, there were 435 currency crisis episodes across 195 countries over the period 1960 to 2006. Moreover, as Mizutori (2019) underlined disasters, caused by natural hazards and caused by humans, will come faster, will last longer and will hit harder than in the past. Therefore, now the term crisis has become popular and it is explored in researches in various fields - medicine, psychology, politics, economics, sociology, public safety or interdisciplinary.

The modern concept of crisis was taken over by social science researchers from the medical field (Hippocrates) to describe the state of economic, political, social and cultural systems as a dangerous, deteriorating state that requires decision-making with the role of



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intervention, defense. Etymologically, the word crisis comes from the Greek language crisis (κρίσις) with the meaning of judgment or decision that influences the subsequent positive or negative evolution of a situation related to the individual or society. The word itself indicates a danger, a condition, a difficult decisive moment that should be managed, a moment when people feel uncertainty, confusion and difficulty (Šubrt, 2014).

Considering the diversity of the fields in which the researchers analyzed the crisis phenomenon, there are different meaning of the term, for example, the personality crisis in the field of psychology, the crisis as the apogee of a serious disease in the medical system, ecological crisis as an expression of the threat to the health of the environment, the economic crisis at the macro level imposed by the cyclical evolution of the market and GDP and at the micro level as organizational crisis and so on.

As Pandelică and Pandelică (2011) and Duțu (2020) emphasize looking at different global economic crisis, the transformation mechanism of the financial crisis into an economic one spread worldwide was based on the fact that a certain type of crisis has created the emergence of another type of crisis („the contamination effect”), the key driver of this emergence being the people’s emotion. The core mechanism of this phenomenon is considered the "economy of fear". Although the mentioned authors refer to economic crises, studies conducted in other types of crises than economic ones presented empirical evidences that in many situations of turbulences with significant impact on people, psychological factors have an important role in shaping human behavior (Pennings et al., 2002; Sandman, 2005; Lusk & Coble, 2005; Bavel et al., 2020). In general, crisis contexts are characterized by uncertainty (hard to be predicted from the perspective of appearance, evolution, duration, and consequences / impact cannot be estimated very precisely) and generate risks with consequences, sometimes dramatic on people (loss, injury, life loss, quality of life decreasing, etc.).

However, each crisis, regardless of its type, is a unique event due to its own characteristics - generating factors, severity, evolution, duration, impact, area of affect, etc. As many researchers point out, when individuals face crisis contexts and are exposed to risks, their decisions and behavior for managing the situation are shaped by emotion, fear and panic. For instance, Sandman, (2005) referring to terrorist attacks and public safety emergencies (public safety crises) argue that they have different situational characteristics and different emotional and psychological dynamics in the general public and that most important emotions generated by these situations are materialized in the form of fear and anxiety. Duțu (2020) speaks in her study about the panic mechanism that transformed the 2007 financial crisis into a global economic crisis and Akerlof and Shiller (2009) emphasize that economists recognized that a psychological perspective is necessary in the analysis of economic crisis. Referring to the public health crisis, generated by COVID-19, Bavelet.al. (2020) emphasize that one of the central emotional responses during a pandemic is fear and humans, like other animals, possess a set of defensive systems for combating threats. Thus, the negative emotions resulting from threat can be contagious, and fear can make threats appear more imminent (Kramer et. al, 2014; Cole et. al, 2013). The fact that emotions like panic and fear govern people's behavior in the context of a crisis such as COVID-19, is supported by the irrational behavior of food storage observed especially during the February-April, 2020 when the pandemic become visible in almost every country worldwide. Thus, emptying the shelves and “fighting” for products in stores are obviously behaviors dominated by panic and people's desire to control uncertainty.

Last but not least, Slovic et. al (2004) argue that visceral emotion of fear certainly plays a role in risk as feelings, and Loewenstein.al (2001) speak of anticipatory emotions that represent immediate visceral reactions (e.g., fear, anxiety, dread) to uncertainties.

The current global public health crisis is a context of uncertainty, multi-crisis, generating risks with significant effects on citizens in all countries of the world. By contagion effect, the

health crisis generated an economic crisis, which is different from the previous ones according to Albu et al. (2020), on the one hand, because it is self-induced by governments in response to the health crisis, and, on the other hand, because it produces shocks on both the supply and demand side. Uncertainty in the context of the COVID-19 pandemic is determined by issues such as: infectivity, prevalence and lethality of the virus; availability and conduct of tests; the capacity of healthcare systems to manage the virus, the time it takes to discover safe and effective vaccines; the mortality shock; duration and efficiency of social distancing, etc. The “shock wave” that hit the economy through the governmental measurements is felt like uncertainty related to: how business will be affected; business survival, the economic impact of the distancing restrictions, future governmental economic measures to manage another pandemic wave, jobs stability and characteristics, income security; the consumer behavior alteration, new companies' human resources policies etc. Also, “shock wave” of the pandemic is felt at the social level, which has led to the emergence of conspiracy theories and social movements in several states of the world (anti-COVID demonstrations, for instance). According to economic forecasts made by various international financial institutions, the economic shock generated by the COVID-19 pandemic could be more severe than the financial crisis of 2007, compared to the Great Depression of 1929-1933. As the United Nations (UN) currently points out, the global crisis is more than a public health crisis; it is a human, economic and social crisis. The Corona virus disease, which has been characterized as a pandemic by the World Health Organization (WHO), is attacking societies at their core. Moreover, Evans et al. (2013) point out that severe social and economic disturbances can occur in response to disease outbreak.

Thus, in this study we consider the crisis an uncertainty and a risk generating situation with significant effects on individuals. During times like this, marketers should understand consumer behavioral shifts.

*So, HOW did the consumer behavior alternate during the first months of the COVID pandemic crisis?*

## **2. THE CONSUMER BEHAVIOR SHIFT IN DIFFERENT NATIONAL CONTEXT DURING THE PANDEMIC.**

### **WHAT do empirical findings show?**

Berezin (2000) in April 2020, considering Russian, but also the global context, underlined that it is possible that consumers never return to the “usual” consumption model (considering the standards of 2019), and he predicted that a new model will emerge from the Coronavirus crisis by the end of 2020. Many other researchers and economic analysts are sustaining the same idea. Still, we cannot sustain that the new model of consumer behavior will rise in the end of 2020. The Coronavirus crisis is a unique event in the modern history and is an evolving event, covered by uncertainty and generating many risks that consumers have to cope. So, we cannot predict the end of the global health crisis, and also we cannot shape now a new model of consumer consumption and behavior. Still, some global studies underlined some certain behavior shifts:

#### ***Behavior shift: From traditional shopping towards online shopping***

Many studies underlined this shift. On one hand, because of the lockdown, many consumers “discovered” the online buying. The delivery services become more and more accessible, and of course the online shopping was considered safer than going to the traditional shop. Still, this shift was reported differently in different countries. For instance, in Spanish (Laguna et al., 2000) context before the lockdown, consumers purchased most in supermarkets (96.6%), small shop (39.21%), and Online (7.56%).

After the lockdown, no significant changes of location were seen. In Romania, according to our own quantitative survey that was conducted in April-May 28.2% from our sample (719 respondents) reported that they bought more online than before the pandemic. Also, referring to organic food consumption Ćirić et.al. (2020) emphasized that during the Covid-19 Pandemic in Serbia, the number of consumers who bought organic food online increased with only 3.53% in the total sample. Also, Nguyen et al. (2020) found in Vietnam context that books demand has shifted toward online shopping. Also, a study conducted by UNCTAD (2020) conducted in Brazil, China, Germany, Italy, the Republic of Korea, Russian Federation, South Africa, Switzerland and Turkey concluded that during the pandemic, more than half of the survey's respondents now shop online more frequently and rely on the internet more for news, health-related information and digital entertainment. Also, the study sustained that in emerging countries there is a higher shift to online shopping. The same trend was reported in Irak by Ali (2020). In Indian context, Varade and Makhija concluded within their study the fact that 2020 is the year in which mass adoption of technology by major of the Indians was a certain phenomena, and the authors sustained that this trend will continue for a very long time in future as well.

*“The COVID-19 pandemic has accelerated the shift towards a more digital world. Changes we make now will have lasting effects when the world economy starts to pick up again.”*

*Mukhisa Kituyi Secretary  
General of UNCTAD*

### ***Behavior shift: Stockpiling***

There is a certain relationship between uncertainty and panic behavior. According to Ling and Ho (2000) panic buying and hoarding issues are the results of how uncertainty and self-interest behaviors of most individual prevailed over collective interest. For instance, in Romania 38.9% from our sample reported that they engaged in such a behavior. Many approaches for understanding such a behavior were psychological and sociologic. Anyway, in many countries during lockdown we could see a certain panic behavior, people ready to empty the shelves without considering the infection risk. Brizi and Biraglia (2000) explained the fact that individuals engaged more in stockpiling behaviors to deal with the uncertain and risky situation of being without food, even if this may have entailed higher levels of food waste. Wang et. al (2000) suggested that consumers' food stockpiling phenomenon conducted to empty store shelves, which impacted on the food system. Anyway, this panic behavior is associated with crisis of different types and is modeled to a high extent by the risk aversion and risk perception. Also, this behavior was reported in many countries in the first three months of pandemic. Also we can predict that the higher the uncertainty, the higher the stockpiling phenomenon. A first consequence of this behavior was the food waist as Brizi and Biraglia (2000) presented in their study. In his study Res (2000) describe the hoarding as the act of collecting and safeguarding a large quantity of possessions (more than it is needed) and connect such a behavior with instinct when the individual perceived a threat. Also, the mentioned author underlined that the trigger of this behavior was fear.

### ***Behavior shift: Homemade and doing-it-yourself***

During the lockdown and isolation many people engaged in different doing-i-yourself projects (house redecorating, making different things around the house, gardening etc.). Such a behavior was reported in many studies. For instance, in our survey conducted in Romania (2020), within the first months of the pandemic, up to 35.9% of Romanians reported that they made and consumed more homemade products. Within their study Cheikh et. al. (2020) reported a significant increase in the percentage of people consuming mostly homemade meals during the

pandemic and a significant reduction in those mainly consuming fast-food in the context of United Arab Emirates. Also, Husain et. al (2000) reported in their study conducted in Kuwait a rise in home cooking during COVID-19. Thus, they study emphasized that many people started cooking more themselves during the isolation and working at home. Di Renzo et. al. (2000) found the same tendency in Italy. The same authors sustained that the consumers fulfill their utilitarian needs by creating products themselves. Anyway, should be mentioned that in spite of eating more homemade food, a high percentage of consumers in different countries have adopted some unhealthy eating behavior – overeating.

#### ***Behavior shift: Shopping more often or seldom during the pandemic?***

Laguna et. al (2000) reported that if the consumer's frequency of shopping was *twice per week* (50%) or *weekly* (35%) before the lockdown, after the isolation in the lockdown was identified a significant change in the frequency of shopping that was *weekly* (76.5%) and *twice per week* (13.65%). Thus, in Spanish context it was reported such a behavior shift. In Romanian context, according to our survey (2000) we identify the fact that 48.4% of consumers reported that they chose products with a longer validity period was important and 29.4% reported that chose larger packing for products. These two trends can be associated to going to shopping seldom. Also, Wilson (2020) presented in his article that grocery shopper research report (Acosta), presented that shopping once a week decrease from 67% of shoppers to 47% of shoppers.

Other behavioral shifts that were reported across different countries were: ***changes in the shopping cart, postponing of some major purchases, payment by bank card and using more often home delivery services.***

### **3. CONCLUSIONS**

During the last months people around the worlds experienced one of the most turbulent periods within the modern history. In all countries worldwide were reported different shifts in consumer behavior. A comparison between current crisis and the last global economic crisis that started in 2007-2008 in USA can relieve the fact that each crisis is a unique event. Thus, in the future, some other crisis episodes can call consumers to cope with different uncertainties and risks. Understanding consumer behavior in turbulent contexts as crisis is very important for modeling marketing business strategy and for insuring business survival.

The Covid pandemic conducted to some consumers' behavior shifts due to infection risk, lockdown and economic shocks exposure (unemployment, decrease of the income etc.).

Certainly this crisis episode is an evolving one and the consumer behavior shifts will go on the crisis curve. The present study is based on different empirical study conducted in different countries and synthesizes the most important changes within behavior, but also display some results of authors survey conducted in Romania in April-May, 2020.

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