

Social Trends and Consumerism
M5X01285

Student: Georgiana Florina Cune

Changing Consumer Behaviour

The impact of COVID-19 on consumer behaviour and digital technologies in the Supply Chains and Logistics Service Industry

Introduction

It is no doubt that the global health crisis of the ongoing 2020 has exposed weaknesses in the global supply chains. In the present, more and more supply chains are digitizing and modernizing at unprecedented speed to fulfil consumers demands.

According to Mikhail (2020), businesses will be able to manage their way throughout unexpected events and build a longer term and more resilient digital supply operations if they focus on people, processes and technology.

Consumer behaviour has significantly changed during the first months of year 2020, with companies trying to cope with the customer demands and expectations. In times when businesses are trying to monitor short and long term demand and inventory to assist production loss in case of an economic slowdown, retailers face inventory depletion as consumers stock up in the face of 'panic buying' (Anderson, 2020).

Companies implementing digital practices have an immediate positive response and long term benefits. With real-time information and vast data, leaders and managers can make critical decisions about manufacturing, production and orders fulfilment.

Consumers' behaviour during the COVID-19 pandemic

The buying decision is the focal point of marketer's effort because the buying decisions are made by consumers every day. Learning the ways behind the consumers' behaviour is not an easy task, mostly because often consumers themselves don't know what and when their purchases are influenced. This itself represents a true statement, a statement that prior to the end of 2019 was widely approached, but with the beginning of 2020 with its new global pandemic, market researchers have been able to predict a significant part of the consumer's behaviour during the pandemic.

Online shopping, one of the major adaptations in this situation is and will continue to be a prominent channel for consumer purchasing going forward. Businesses and organizations that haven't been easily available online in the past, must rapidly adapt to the new circumstances or they will not be able to survive.

In the food service industry, as more and more people continue to stay at home and work from home, they might continue to opt for delivery services, while supporting their favourite places.

One important aspect to look at is that people are willing to spend above average amounts on food and medicine and products related to disease and pandemic prevention.

According to Armstrong, et al. (2015), Abraham Maslow tries to explain why people are driven by certain needs at certain times. Maslow states that human needs are arranged in a hierarchy, from the least pressing at the top to the most pressing to the bottom. The hierarchy pyramid is represented in figure 1. and includes *self-actualization needs*, *esteem needs*, *social needs*, *safety needs* and *physiological needs*.

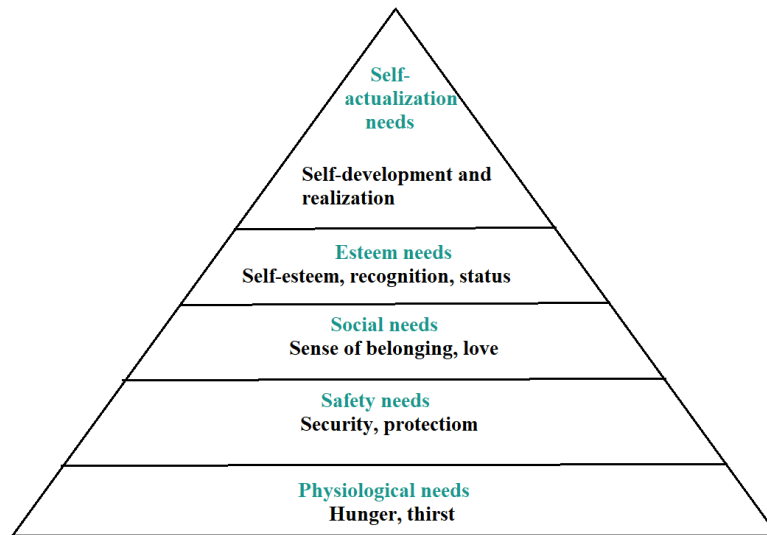


Figure 1. Maslow's hierarchy of needs

As it can be seen from the pyramid diagram, human needs are driven by *safety needs*. Security and protection are the main factors that have determined consumers to increase their purchasing over food, medicine and products that will help protect themselves against any viruses.

Digital technology

Many researchers state that during the pandemic, dramatic changes in consumer buying habits will have considerable supply chain implications.

Technology helps society to be more resilient in the face of the virus pandemic and also helps the way businesses operate and trade, the way work is being performed, the way goods are being produced and many other essential services and operations.

As the Covid-19 health crisis continues to produce imbalances in today's society, differences in consumer behaviour started to occur across markets and consumer habits are adapting in real-time to the new environment and circumstances.

During the Covid-19 pandemic, technologies are playing a crucial role in keeping the society functional in a time of lockdowns and quarantines. Digital readiness is showing its importance more than ever in today's pandemic, because allows life and businesses to continue as usual or as much as possible. 'Building the necessary infrastructure to support a digitized world and stay current in the latest technology will be essential for any business or country to remain competitive in a post-COVID-19 world, as well as take a human-centred and inclusive approach to technology governance' (Fan & Xiao, 2020).

The impact of the pandemic has caused a shift in consumer behaviour and habits, because everyone is forced to adapt to the safest measures and minimize the impact their activities have on spreading the virus.

Many retailers are going to need to build up their online fulfilment operations to meet growing customer demand and expectations (Mooney, 2020) and also to support their offline business in the future.

Meeting consumers' requirements at multiple locations with multiple transport modes at different times requires a flexible supply chain that can adapt easily to unexpected changes and circumstances.

During the last decade hundreds of millions of dollars of venture capital flowed into the logistics technology startups (Johnson, 2020) , making the future of logistics to be paved with innovation and technology. Smart logistics and smart supply chain are becoming crucial to a functioning economy in the future (Xu, 2020). Organizations which have a high dependence on China, the ‘world’s factory’ (Deloitte, 2020), to complete their need of raw materials and finished products, have had major disruptions in their supply chain.

With the global spread of COVID-19, managing supply chain risk and disruption highlights the need to transform traditional supply chain models and adapt to digital supply networks (DSNs) (Deloitte, 2020) where businesses and organizations are more connected to their complete supply network to enable end-to-end visibility, collaboration, agility, and optimization.

A vast number of companies have their employees work from home. The digital technologies, including virtual meetings, virtual private networks (VPNs), facial recognition, cloud technology and over the internet protocols enables remote work for thousands of employees all over the world. The Internet of Things, robotics, artificial intelligence, digital supply networks and 5G are designed today to anticipate and meet the future challenges.

Conclusion

Changing consumer behaviour depends particular needs at particular times. Consumers act on factors that affect them in the moment. This can be seen during the 2020 COVID-19 pandemic, where consumers have focussed on buying more essential products such as food, medicine and products related to disease and pandemic prevention.

In order to supply consumer’s demand in the times of disrupted traditional supply chains, businesses are building the necessary infrastructure that will support a digitized world.

Technology is essential for any business or country that wants to remain competitive in a post COVID-19 world. Managing supply chain risk and disruption highlights the need to transform traditional supply chain models and adapt to digital supply networks in order to supply the consumer changing demands and expectations.

References

- Anderson, H., 2020. *COVID-19: Preparing Your Supply Chain in Times of Crisis*. [Online]
Available at: https://www.publicissapient.com/insights/coronavirus_and_managing_the_supply_chain_amid_a_crisis
[Accessed 19 May 2020].
- Armstrong, G., Kotler, P. & Opresnik, M. O., 2015. *Marketing - an introduction*. Global Edition ed. s.l.:Pearson.
- Deloitte, 2020. *COVID-19: Managing supply chain risk and disruption*. [Online]
Available at: <https://www2.deloitte.com/global/en/pages/risk/articles/covid-19-managing-supply-chain-risk-and-disruption.html>
[Accessed 19 May 2020].
- Fan, Z. & Xiao, Y., 2020. *10 technology trends to watch in the COVID-19 pandemic*. [Online]
Available at: <https://www.weforum.org/agenda/2020/04/10-technology-trends-coronavirus-covid19-pandemic-robotics-telehealth/>
[Accessed 18 May 2020].
- Johnson, E., 2020. *COVID-19 hastens new VC approach to logistics*. [Online]
Available at: https://www.joc.com/technology/covid-19-hastens-new-vc-approach-logistics_20200415.html
[Accessed 18 May 2020].
- Mikhail, N., 2020. *3 Fundamentals for Building a Resilient Supply Chain*. [Online]
Available at: <https://www.entrepreneur.com/article/350184>
[Accessed 20 May 2020].
- Mooney, M., 2020. *Improved forecasting and increased visibility required for retail to adapt in Covid-19 economy*. [Online]
Available at: <https://www.logisticsmanager.com/improved-forecasting-and-increased-visibility-required-for-retail-to-adapt-in-covid-19-economy/>
[Accessed 19 May 2020].
- Xu, L., 2020. *New tech infrastructure will help economies recover after COVID-19*. [Online]
Available at: <https://www.weforum.org/agenda/2020/05/new-tech-infrastructure-will-help-economies-recover-after-covid-19/>
[Accessed 19 May 2020].