

A Marketing Transformation from Societal to Digital- Impact of COVID-19 on Consumer's Buying Preferences

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Abstract

Till February 2020, people were using traditional methods of buying and they were so habitual to this buying process that people never thought to change their buying habits and buying preferences. But after the Covid-19 outbreak and the lockdown from March onwards, there has been tremendous change in buying preferences and priorities. The drastic change has been noted in buying habits and the buying medium. Consumers are learning to improvise their habits by using advanced technologies, doing demographical changes and innovations to cope with the situation and manage their work, leisure, and education boundaries.

Keywords-*Buying preferences, COVID-19, Digital, Habits, Social media.*

1. OVERVIEW:

Marketing is the crucial function of any business which deals with consumers. Marketing has become the heart of every business to sustain in the dynamic environment. With emergence of internationalisation and liberalisation, the perspective of business has been moved from product selling to gaining customer satisfaction and value. Initially in 1970's the industries had witnessed competitive attitude of "doing the job right" to "doing the right job". The mantras such as "optimization" and "cost reduction" have changed to "customer satisfaction" and "employee contentment and loyalty". Now, the orientation of marketing is changed from selling the products to customers to creating value for customers and building customer relationships.

Since 1960s the orientation was dynamically changed from Production concept to societal marketing concept. And now we are in the world of digitalization where people have everything to their doorsteps. These days majority of people opt for shopping products online and the consumerism regarding availability of brands, products and their prices has been increased. From last few months the world is suffering from pandemic named Covid-19 (Corona). Due to spread of this pandemic all over the world, it has given major revolution in all the sectors including Education, Entertainment, Healthcare and others. The marketers have evolved their strategies and channels to reach the customer from traditional distribution channels to digitalization.

1.1 Concept of Digital Marketing:

Digital marketing is a term used to describe the integrated marketing services used to attract, engage and convert customers online. Digital marketing utilizes multiple channels such as content marketing, influencer marketing,



SEO, social media and online advertising to help brands connect with customers and uncover performance of marketing programs in real-time.

Definitions:

Kevin M Green	“Digital marketing is the tip of the spear when engaging with a desired audience.”
Scott Gardner, Senior Vice President, SEO and Content Channel Lead at Bank of America	Digital Marketing is “Engaging customers and prospects in digital channels, including mobile and social, where they are increasingly seeking information.
Becky Ewert, Content Marketing Strategist at Capella University	“Anytime you use connected devices to reach people with your content, you’re engaging in digital marketing.”

The very unique thing about digital marketing is that it can easily reach customers and it’s beyond just messaging content about brands. Now, the brands can directly connect with the customers 24x7 with the various medium in social environment via blogs, LinkedIn, Facebook, Twitter and paid media. Digital framework has built its framework integrating three elements that is: People, Process, Technology.

- People: Influencing customer’s behaviour while creating a persuasive content or experience for targeted audience.
- Process: Involved in continuous change management to develop marketing platform.
- Technology: Adoption of advance technology for building a user friendly platform for audience.

The role of marketing has been dramatically changed because of various crunches like recession, inflation, terrorism, economical changes, technological changes and now pandemic. Internet marketing is using internet for marketing and selling the products and services by utilising the power of ecommerce.

1.2 Innovation in Marketing: Analyzing Consumer Demand

For every new innovation business practices, it is crucial to analyse the consumer and industrial buying behaviour and ability for acceptance. Before introducing any innovation in products, services or practices it is mandatory for marketers to evaluate the process of how buyer initiate, search, evaluate, select and experience market offerings. Marketing innovation and introduction of technologies based on market-ideas ultimately is the result of changing customer desires and changing consumer demands.

In the report generated by McKinsey, they found a model of consumer decision journey (CDJ) shifting from traditional funnel model- where consumer begins with some known brands in mind and takes the buying decision. The CDJ is the journey in which shopper takes the advantage of available technologies to evaluate the available brands, products and services, removing or adding the choices. This journey also includes feedback loop where the customers continuously evaluates the performance of brands and products even after purchasing. This has pressurized the products to perform well to get superior experience.

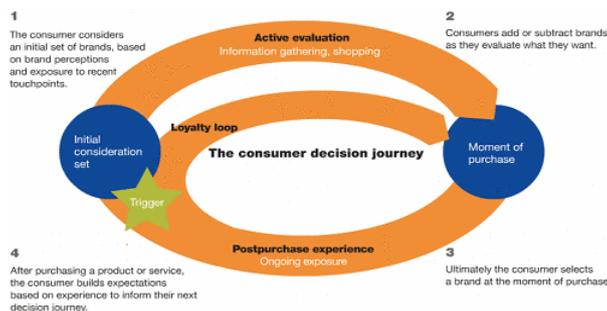


Fig: 1 The Consumer Decision Journey (CDJ) (McKinsey, 2009)

In fact, according to the recent survey of Association of National Advertisers, It has been found that companies also valued automation as a critical capability to respond to disruption and deliver both consistent and personalized customer experiences. Now, the company's ability to deliver value rely upon four factors viz; Automation streamlining the journey, Proactive personalisation, Contextual interaction and Journey innovation extending new digital sources.

2. COVID-19 IMPACT ON MARKETING

It was late-2019, when the corona virus first hit the Wuhan city of China, but then its effect were felt all around the globe. The economies started spinning due to lockdown in many countries. Most of the businesses are fighting for sustaining in such a crisis, in this situation marketing will be the essential part for recovery from losses.

In the article of BrandEquity.com from Economic Times dated 14th April 2020, Arun Gupta stated that due to the Covid-19 pandemic the businesses and economies are at halt, and the possible solution to avert this situation is to just "wait and watch". But in the case of marketing sector, it has evidenced a shift from traditional approaches to digital and mobile marketing. The End Users being indoors, preferably will consume content on social media and television.

2.1 Reshaping Consumer Behaviour Post Covid-19

After lockdown, marketers have evidenced a significant change in consumer's attitude and buying behaviour. Lockdown has forced consumers to think on their shopping habits including cost consciousness, preference for Indian products and dramatic shift towards e-commerce.

The coronavirus outbreak has changed lives of consumers tremendously. Now consumers are more concerned about their personal and family health and hygiene whereas at the same time they are worried about their pay-cuts and uncertainty about jobs. This situation has forced consumer to think whether they will be able to buy daily necessities. This concern has led consumers to make deep cut in their spending patterns.

At the same time, the isolation had led consumers to shift towards e-commerce. The way people are spending their leisure time is also becoming more dependent on technology. This adaption has anticipated continuing even after pandemic.

Lockdown period has led consumers to rethink on their shopping preferences. The people reluctant to shop online have left with little choice. Thus, once they become usual to online shopping and its convenience, consumers will be slow towards traditional shopping methods.

The consumer preferences have shifted from luxury brands, travel and entertainment towards health and hygiene.

2.2 Changing Consumer Buying Preferences Post Covid-19

The Covid-19 pandemic and lockdown have disrupted the consumer buying habits and preferences from traditional brick and mortar methods to e-commerce. Consumers are improving their shopping ways through digitalization. Novel habits will also developed by technological advances, demographic changes and innovative ways consumers have learned to cope with such situations, making their living more convenient.

The consumers have shifted their buying preferences towards online shopping as this is the best platform where they can compare the brands, products and services and chose the best suitable and affordable. In this isolation period, consumers have done a dramatic change in buying preferences of traditional to digital right from vegetables, groceries to health care products.

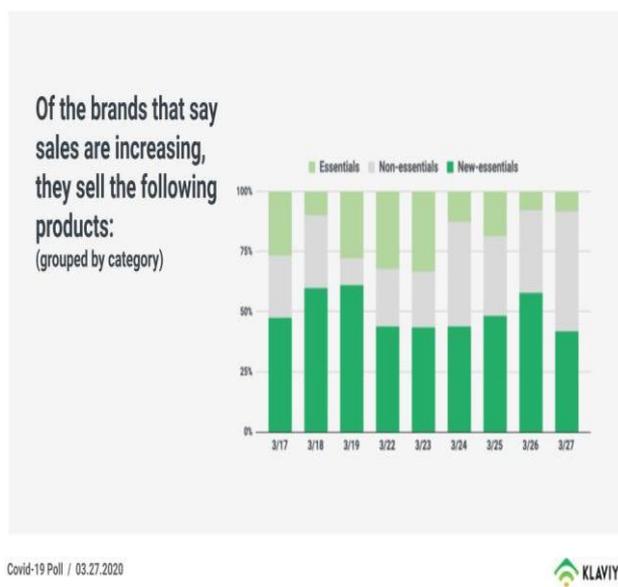
2.3 In the survey conducted by Influencer Marketing Hub, following are the statistics of the report:

a) 47% of Display Ads Have Been Paused, Cancelled, or Pulled

The display advertising suffered significantly by other media type. The spend budget was reduced to 47% which is the biggest loss seen ever. Paid search engines however continued with the normal budget, but the paid social media has suffered a drop of 45%. Linear TV has seen 42% of pause, cancel, or pull budget.

b) MoreThan40%ofBrandsReportingRisingSales of Products in the EssentialCategory

Alongside lockdowns in numerous locales, there are regularly likewise limitations on the sorts of things that individuals can purchase. This has implied an expansion in the extent of merchandise individuals are purchasing that they consider fundamental. To guarantee that they aren't penetrating any guidelines, numerous brands have set limitations on what they will sell. Numerous organizations that market online now just feature basic things on their site. This has prompted in excess of 40% of brands revealing rising deals of items in the Essentials class



Source: Klaviyo report

c) Greater than 30% Increase in Traffic to Media Sites

The greatest victor, as far as traffic to their sites, is the Media part. Actually, not all organizations are performing great here, however. Some customary media, as printed magazines, are battling with decreased course and conveyance alternatives. Nonetheless, individuals are rushing to news sites to keep up on the most recent COVID-19 turn of events.

d) Nearly 60% Increase in Conversion to Food Sites

Obviously, what intrigues a firm most is its changes. It's all very well having guests to your site, yet it is undeniably more important if your guests go through cash while they are there. A few zones, for example, the Finance Sector, have seen perceptible increments in rush hour gridlock, however sizeable drop in changes. The food segment hangs out as far as transformations, with an almost 60% expansion in changes. This is an away from of individuals moving their shopping for food on the web. Numerous individuals might want this measurement to increment further, however stores should build their conveyance limit and co-ordination before they can improve this by considerably more.

e) Cost per 1,000 Impressions are Down and Cost per Click is Flat or Down

The brands proceeding to promote online have seen the expense per 1,000 impressions (CPMs) fall and the pattern in the expense per click (CPC) level or down, This has brought about their profit for publicizing spend (ROAS) moving a lot higher than expected.

f) Advertisement Spend on E-Commerce Doubled in the US in Period between Mid-February And Early-March

Internet business organizations have obviously observed the opened door for expanded deals and multiplied their promotion going through in the month between February 17 and March 9. Brands that worked both on the web and physical presence have evidently moved their showcasing to the web. Advertisement spend from web based business destinations multiplied from \$4.8 million for a following four-week time span beginning on February 17 to \$9.6 million for the seven day stretch of March 9.

g) 161.4% Increase in Traffic to Supermarket Websites

There has been a significant shift in the types of websites that people go to for their e-Commerce. Demand for online supermarket shopping has grown dramatically, outstripping capacity in many areas. This has resulted in a 161.4% increase in traffic to supermarket sites in March, compared to just a month earlier. Media and telecom websites have also seen an increase in popularity. The biggest e-Commerce losers have been entertainment/events (-57.3%) and tourism (-56.8%).

h) Retail Email Open Rates Rise 25% Week-on-Week

A possibly surprising stat relates to email open rates during the time that consumers stay at home. Email open rates have risen by up to 25% week – on – week in retail. Clearly, people have more time on their hands at the moment and can devote more of it to opening and reading their emails.

Daily email open rates are generally increasing by 5-10% each week. Another related change is that email opens and interactions have increased more on desktop than mobile. Clearly, more people are working at home on their laptops, which they use to check their emails, rather than their smartphones, as they have previously. Reading email communications on the desktop provides a less distracting browsing experience than on mobile

devices, and consumers are taking more time to read longer content.

i) 50% Increase in Facebook Messaging in Hardest Hit Countries

Another popular type of software during the Coronavirus has been instant messaging apps. Facebook has seen a definite surge in the use of both Messenger and WhatsApp over the last few months. The countries with the strictest lockdowns have seen the highest use in messaging apps. Facebook has seen 70% more times per person its apps in Italy since the crisis started. Instagram and Facebook Live views doubled in a week. Group calling (with three or more participants) increased by over 1,000% in a month.

j) Twitter Conversations about COVID-19 Increased 4x in March

Twitter has noted that COVID-19 was an important topic of conversation in March. Globally, conversations about the topic grew four times that month compared to February tweets.

There were a relatively consistent one million global posts per day during February that referred to COVID-19 issues. However, March saw some significant spikes, coinciding with events happening in the world. It first spiked to 5 – 6 million when the US stock market first jittered.

Conversations then rose to 20 million per day as the US declared a state of emergency in mid-March. For the rest of March, Twitter conversations on the topic hovered between 13-20 million daily posts.

k) In general Engagements on Influencer Posts About the Coronavirus Exceed 2.9 Billion

Maker IQ investigated more than 1.4 million Instagram influencers' posts. They took a gander at posts that incorporated the hashtags #coronavirus, #covid19, #covid, #pandemic, and #corona infection flare-up. The most famous of these labels was #coronavirus, which they discovered was utilized in 466,175 posts and 1,882,051,405 commitments. All up, there were more than 800,000 influencer posts that brought about 2.9 million commitment.

3. TRANSITION IN CONSUMER BEHAVIOUR

3.1 Alteration in Consumer Behaviour will transform the Industry's Future

The pandemic has changed the thinking of consumer dramatically. They started thinking differently, shopping differently and living differently in many ways. Consumers are looking for new ways across globe to buy products and essentials.

This crisis has emerged new habits in consumers and permanently changing the value how consumer looks towards market. This has ultimately changed the way of working for Industries and Marketers across globe. Now, they have to give thought on the re-engineering of process and distribution of goods. Industries have to include AI bots to connect with consumers directly.

3.2 New and Everlasting shopping habits and buying behavior of consumers

After Covid-19 outbreak, consumer priorities has changed and they are more focused on basic needs, hygiene products, while non-essential categories slump. As buy local trend has accelerated, buying brand preferences are shifting. This has given exposure to our Indian firms to capture market.

Digital commerce has boosted new consumers to shop online in the situation of isolation. It has been noted that

during lockdown the consumer's conscious about consumption has increased and the desire to shop local has shifted brand loyalties of consumer.

According to the consumer research survey conducted by Accenture Covid-19, it has been observed that the top two priorities of consumers were limiting food waste and shopping more for healthcare products. Due to job lost fear and salary cuts people were cost conscious while shopping and making more sustainable choices.

4. RESEARCH IMPLICATIONS

As in the period of Covid-19, lockdown and social distancing has disrupted the traditional ways the consumer used to behave right from the need identification to search of information to purchase. Even it has changed the range of consumer behavior after the consumption of the product or service and waste disposal as well. The current situation has generated ample of research opportunities in the areas of blurring work-life boundaries, social life and uses of social media in crisis. The major areas where the academic research can be focus, is to study consumer resilience and improvisation in their purchasing pattern.

Researcher has great research opportunity to conduct research on cultural differences and technological improvisation. Consumer isolation techniques is the another issue arising in the Covid-19 crisis.

The virtual world is fascinating consumers and AI is playing very crucial role in developing new Applications making consumer easier to shop.

5. CONCLUSION

Due to the Covid-19 outbreak, the lockdown and social distancing has generated significant changes in consumer behavior. The consumption has become time bound and location bound as well. Consumers are looking for new ways to replace their tradition buying process and buying preferences. They have learned to improvise in creative and innovative ways. People are working from home, studying and relaxing at home. Now the store has come to consumer's doorstep with the help of digital interface since the consumer is unable to go to the store. This has changed the way marketers should approach towards consumer. A marketer has to build up new ways to connect with consumers directly through digital commerce.

As a result of prolonged house arrest consumers have shifted to newer technologies which enable them to work, study, consume and entertain them in more convenient manner. Finally, digital platform is exposed and consumers are shifted their buying preferences permanently. Online delivery and click and collect services are on boom.

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