

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 which simply means marketing your business online. There are different integrated marketing services that attract, engage and convert customers to buy products online. The most frequently used tools of digital marketing are content marketing, influencer marketing, SEO, social media and e-mail marketing. These tools play a vital role in connecting customers with brands and measure the 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 utilizing the power of ecommerce.

1.2 Innovation in Marketing: Analyzing Consumer Demand

For every new innovation business practices, it is crucial to analyze the consumer and industrial buying behavior 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.

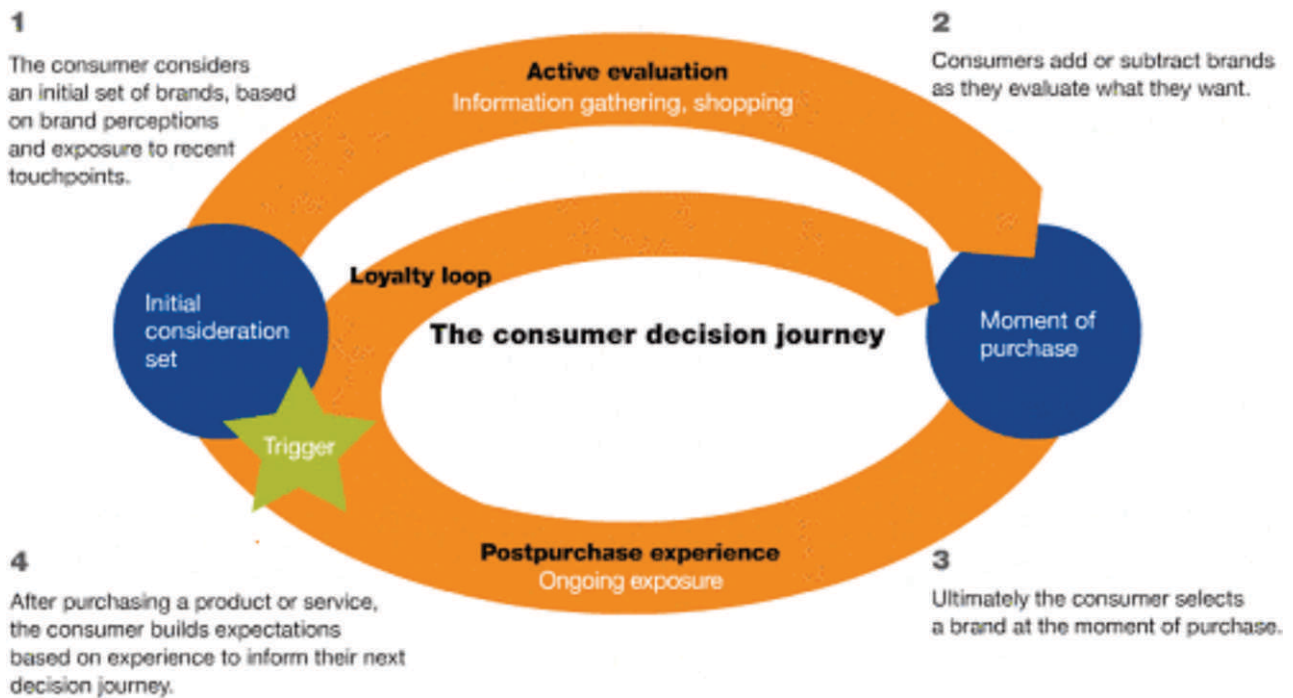


Fig: 1 The Consumer Decision Journey (CDJ) (McKinsey, 2009)

In fact, according to the recent survey of Association of National Advertisers, It has been found that companies are now delivering personalized and consistent experiences to customers through automation. Now, the company's ability to deliver value rely upon four factors viz; Automation streamlining the journey, Proactive personalization, Contextual interaction and Journey innovation extending new digital sources.

2. Covid-19 Impact on Marketing

In the end of year 2019, the pandemic of corona shot Wuhan city of China first, 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. The pandemic situation has enforced consumers to rethink their shopping habits including using Indian brands, local products and price alertness and preference to online shopping websites.

The corona virus 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 unease has resulted in deep cut in spending habits of customers.

At the same time, the isolation had led consumers to shift towards e-commerce. In fact whenever people get leisure time they are using gadgets like mobile phones, laptops to surf online. People are more dependent on technology in recent times. And this will be continuing after pandemic also.

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.

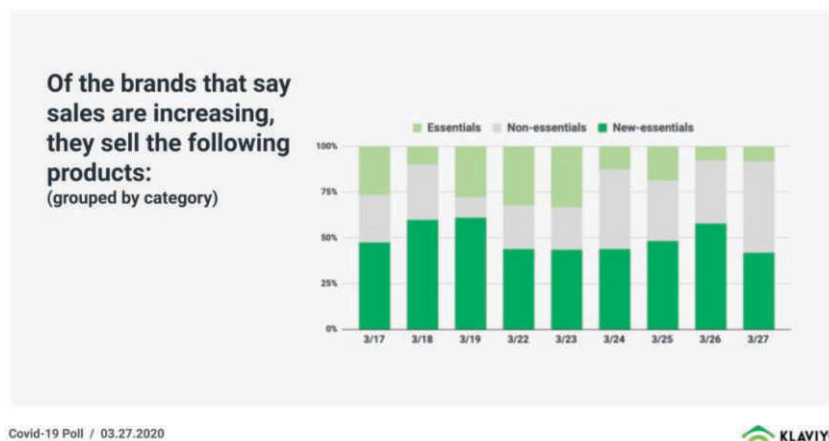
2.3 In the survey conducted by Influencer Marketing Hub, following are the statistics of the report:

a) *The percentage of Display Ads that Have Been cancelled or paused in lockdown period is 47%*

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

b) *Product Brands in Essential Category has seen 40% Rises in Sales.*

Due to the lockdowns in numerous locales, there are often likewise restrictions on the sort of things that persons 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



Source: Klaviyo report

c) Traffic to Media Sites has Been Increased More than 30%

It has been observed that not every organization is performing great but most of the sites had noted increase in traffic. 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) Adaptation to Food Sites has Seen Increase of Nearly 60%

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 Click and Costper1,000 Impressions are reduced

The most of brands proceeding to promote Cost per Click and Cost per Impressions expenses have been reduced. This is the reason that their profits for publicizing spend (ROAS) moving a lot higher than expected.

f) In US the Advertisement Expend on E-Commerce has Doubled 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 an 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) Supermarket Websites has Witnessed Increase in Traffic by 161.4%

There has been a huge move in the kinds of sites that individuals go to for their web based business. Interest for online market shopping has developed significantly, overwhelming limit in numerous regions. This has brought about a 161.4% expansion in rush hour gridlock to market destinations in March, contrasted with simply a month sooner. Media and telecom sites have likewise observed an expansion in ubiquity. The greatest web based business washouts have been amusement/occasions (- 57.3%) and the travel industry (- 56.8%).

h) Growth of 25% in Retail Email Open Rates Have Been Witnessed

A perhaps astounding detail identifies with email open rates during the time that buyers remain at home. Email open rates have increased by up to 25% week-on-week in retail. Plainly, individuals have additional free time right now and can give a greater amount of it to opening and perusing their messages. Daily email open rates are commonly expanding by 5-10% every week. Another connected change is that email opens and collaborations have expanded more on work area than versatile. Obviously, more individuals are working at home on their workstations, which they use to browse their messages, instead of their cell phones, as they have beforehand. Perusing email interchanges on the work area gives a less diverting perusing experience than on cell phones, and shoppers are setting aside more effort to peruse longer substance.

i) Facebook Messaging and Posting has Shown 50% Increase in Most Hit Countries

Another most demanded software during the Coronavirus has been texting applications. Facebook has seen an unequivocal flood in the utilization of both Messenger and WhatsApp in the course of the most recent couple of months. The nations with the strictest lockdowns have seen the most noteworthy use in informing applications. Facebook has seen 70% additional time spent on its applications in Italy since the emergency began. Instagram and Facebook Live perspectives multiplied in seven days. Gathering calling (with at least three members) expanded by over 1,000% in a month.

j) Conversations about COVID-19 has been Increased by 4 times on Twitter in March

Twitter has noticed four times increase in conversations about COVID-19 in March as compared to February twits.

The posts of COVID-19 issues were relatively consistent to one million globally during February. However, in March there was a significant spike seen in twits due sudden events happening in the world, almost 5-6million spikes were noted when the US stock market first jittered.

When the US declared emergency in mid- March the twits raised to 20 million per day. And rest of March it was between 13-20 million post per day.

k) The Posts About the Coronavirus by Influencers Exceeded 2.9 Billion and shown Maximum General Engagements

Producer IQ explored more than 1.4 million Instagram influencers' posts. They looked at posts that consolidated the hashtags #coronavirus, #covid19, #covid, #pandemic, and #corona disease erupt. The most known of these names was #coronavirus, which they found was used in 466,175 posts and 1,882,051,405 duties. All up, there were more than 800,000 influencer posts that achieved 2.9 million commitments.

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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