

Coronavirus-led changes in consumer behaviour

With the national lockdown looming, many South Africans have resorted to stockpiling essential supplies. This panic-driven behaviour is aligned with global consumer behaviour trends caused by the different stages of the coronavirus outbreak.



Getty

A recent [Nielsen report](#) highlights that there are key consumer behavioural changes that occur parallel to each stage of the pandemic.

Nielsen identifies that these consumer changes are being mirrored by every country that is currently trying to flatten the curve.

Nielsen identified the following stages together with changes in consumer behaviour at each stage:

Stage	Coronavirus Event Markers	Consumer Behaviour Change
Stage 1 Health-minded Buying	Minimal localised cases of Covid-19 generally linked to arrival from another country.	Consumer's interest rises in products that support overall maintenance of health and wellness.
Stage 2 Reactive Health Management	First local transmission with no link to other location and first Covid-19 related death/s.	Prioritise products essential to virus containment, health and public safety. E.g., face masks
Stage 3 Pantry Preparation	Multiple cases of local transmission and multiple deaths linked to Covid-19	Pantry stockpiling and shelf-stable foods and a broader assortment of health-safety products; spike in-store visits; growing basket sizes.
Stage 4 Quarantined Living Preparation	Localised Covid-19 emergency actions, percentage of people diagnosed positive continues to increase.	Increased online shopping, a decline in-store visits, rising out-of-stocks, strains on the supply chain.
Stage 5 Restricted Living	Mass cases of Covid-19. Communities ordered a lockdown.	Severely restricted shopping trips, online fulfilment is limited, price concerns rise as limited stock availability impacts pricing in some cases.
Stage 6 Living a New Normal	Covid-19 quarantines lift beyond region/country's most-affected hotspots and life starts to return to normal.	People return to daily routines (work, school, etc.) but operate with a renewed cautiousness about health. Permanent shifts in the supply chain, the use of e-commerce and hygiene practices.

Although South Africa has yet to have any deaths, our own consumer behaviour is following this trend almost exactly, says Derek Cikes, COO of online payment solution Payflex. He says he's been following the effects of coronavirus on retail closely since the outbreak and says that South Africa is somewhere between stages 4 (Quarantined Living Preparation) and 5 (Restricted Living).

"We've seen a significant increase in online shopping both in our own data and at our merchants. South Africans are looking to online stores to keep goods flowing while we all prepare for a possible lockdown. But we're also seeing the limitations and strain put on online retail because of this surge in users," says Cikes.

In line with Nielsen's stage 5 attributes, South Africa is clearly seeing the strain put on online grocers and their supply chain due to the demand of social distancing and self-quarantine. Checkers launched its Sixty60 app to major SA cities promising to deliver groceries within 60 minutes, only to have to adjust that promise due to increased demand for the home deliveries. Pick n Pay's online store is also showing signs of a supply chain disruption as a large percentage of goods are unavailable or sold out.



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Lauren Hartzenberg 19 Mar 2020



In order to ease the strain on the supply chain caused by panic buying, both Checkers and Pick n Pay have implemented rationing, meaning that consumers are only allowed a certain number of each product per purchase. This action hopes to ensure that all South Africans are able to get what they need for the weeks ahead. Other online grocery apps such as OneCart are seeing an unprecedented increase in users. For example, OneCart is usually able to deliver groceries within an hour, but because of increased demand, now have a 2 to 3 day delivery time.

In its [Situational Threat Report Index](#), Bain & Company states that the concept of the shopping journey in physical stores is taking on a new meaning and importance, given the potential for transmitting the virus at each interaction.

According to Bain & Company's index, the world is currently sitting at a level 6 global threat which is called Markets and Public in Multiple Major Nations Reacting Strongly. The index combines official data with Bain's own modelling. It evaluates coronavirus's effect on global business, grading it from 0 (a negligible threat) to 10 (severe global recessionary conditions).

South Africa is no different, with stores and businesses scrambling to find innovative solutions to keep customers safe and secure. For example, a Spar franchise in the northeastern suburbs of Johannesburg recently put up perspex glass panes at each till to create a physical divide between shopper and cashier, while delivery services such as Woolworths allow the drivers to drop the goods in a safe area outside the house without coming into contact with customers. Uber Eats and Mr D

have implemented similar regulations.

Bain & Company also notes that in most segments, the outbreak will probably reduce traffic and revenue. They say that retailers of all types must be prepared to act quickly to mitigate the impact of such turbulence, while also learning from the experience of their counterparts in China and other hard-hit countries. And even as they strain every sinew to address short-term disruption, retail executives also need to begin medium-term planning for an eventual recovery.



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James Lappeman 23 Mar 2020



Falling in line with Nielsen's stage 6 'A New Normal', Cikes believes that there will be a permanent change in the way South Africans use e-commerce.

"If there was anyone who was reluctant to use online shopping as a viable way to get both necessities and luxury goods, coronavirus is sure to change this. It's forcing people to get online and this may change the way South Africans shop forever. This will also push retail to think about bringing their own stores online if they haven't already."

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