

## How a pandemic like COVID19 can impact the attitudes of consumers towards consumerism: A literature review

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### Abstract

The marketplace and the economy are constantly evolving while at the center of it all remains the consumer as the necessary party for transactions and revenue generation. In order for a sale to occur there needs to be a willing exchange of money for a product or service between the parties involved, hence making the consumer a vital part of the marketplace. The 21<sup>st</sup> century consumer is now a global one, who has evolved past the local markets and is constantly looking for more, either it being quality, quantity, support, and overall value in their purchases. The global market place has enabled the consumer and positioned them at the forefront of a fierce competition where there is always a substitute for their purchases. The consumer has options to choose from until those options are no longer available due to shortages caused by panic buying while facing a pandemic. The forefront of organizations has been for quite some time competing for market share, increasing sales, brand recognition, with little regards for sustainability and the future. The competition has had its advantages and disadvantages for the consumers. One of the major disadvantages is that the modern society we live in, measures success by the amount of material goods it can afford. There are limited amounts of needs a consumer has and an unlimited amount of wants. Organizations compete with each other by creating more wants disguised as needs. When faced with a world pandemic, consumers turn to panic purchasing of essentials in order to survive. The panic obtaining impact production, resources, and have an overall psychological bearing on consumerism. This research paper will explore literature review to support the shift in consumers' wants versus needs when faced with significant adversity such as a global pandemic.

**Keywords:** Consumerism, Consumer Behavior, Panic Purchase, Pandemic.

### Introduction

The history of the world globalization has been an ongoing debate as to when it started exactly. Some researchers have been able to trace it back to the 1850's (Shami, 2000; Williamson, 1998). Countries have realized and accepted that economies of scale can give them the opportunity for competitive advantage in the market place (Harrison, Hitt, Hosskinson & Ireland, 2001). Some countries are better at producing and serving than others for various reasons such as skilled work force and available resources. Also, being involved in global trade enhances and improves overall the quality of living as research and developments are shared across various industries. The innovation and use of technology have heightened the expansion of globalization (Fan, 2011). Many companies that had their origin of inception in one country are now global or multinational companies such as Boeing and General Electric. Globalization has endured many obstacles however, even with the aggressive push and pressure for the world to become cohesive and work together. It has been a battle of the strongest (economically, financially, politically); a tug of war in order to balance

trade so one country does not gain all the power but it is rather distributed to where each party (country) involved has something to offer (Frieden, 2018). Yet, the most uncommon and unexpected of events has revealed to be an enhancing agent towards globalization: the world pandemic COVID-19 (Long & Khoi, 2020).

The fear to control the unknown, to lose equity and brand loyalty while still doing right by the stakeholders seems to be the common theme among all corporations big and small during the pandemic. Some experts argue that a world pandemic could be the end of globalization as we know it due to the impact it will have on resources, consumers' purchasing behavior, and even the labor force (Farrell & Newman, 2020; Livesey, 2018). However, as the world goes through this together, there are also exhibiting patterns of behavior in consumers that are very similar across cultures and countries as if boundaries did not exist among them.

Consumers purchase on the basis of perception and promise. Challenging times like being faced with a pandemic shatter perception and promise of consumers and hinder their ability to purchase items that do not fit their scope of survival, hence putting everything else on hold. These new purchase patterns exhibited by consumers impact productivity for companies that are not providing goods which fit the survival category (Kinkel, 2012). The consequences can be detrimental as experts suggest that business interruption can lead to another great depression (Kindleberger & Aliber, 2011). Due to the world being much more interconnected today than in the 1900, the impact will be felt around the world with perhaps more significant implications that might be very difficult to overcome.

### **Panic Purchases in the Midst of Survival**

The most purchased item during the hurricane season or any other predictable natural disaster in the US are Pop-Tarts. The automation in retail stores across the US has made it possible to even know the flavor consumers prefer: Strawberry seems to be a contender at Walmart stores (Ammerman, 2019). The psyche of a consumer changes significantly based on their mental state (Laukkanen, 2016). Any other time during the year, the Pop-Tarts would not be a choice for many, but due to their packaging and long shelf life, they seem to be a preferred choice by many. Other purchases look like this: water, fuel, and nonperishables. The definition of a panic purchase is best described as the activity of purchasing goods that are anticipated to either be in substantial shortage or priced higher due to a disaster or an anticipation of experiencing a disaster (Long & Khoi, 2020).

Due to panic, consumers fail to prepare as they would on any other instances when shopping, hence tipping the scale between business and consumer on the business side (Baker & Wakefield, 2012). It is the old-fashioned concept of supply and demand: if more consumers want it, the demand is going to be higher, and even scarce sometime. Therefore, panic purchasing in the midst of a pandemic can become chaotic. The population did not all of a sudden have an increased need for necessities; that would only be rational if the population number grew exponentially overnight (Long & Khoi, 2020).

On a normal state a consumer would purchase goods/services they need for their

daily lives. Furthermore, they would make purchases to enhance their daily activities, to impress their friends and family and certainly make purchases that promise a better future. All of that seems to squeeze into one category when panic buying. The perceptions of impressing, fitting, in, becoming better, and best, are replaced with the instinct of making it past whatever situation is causing the panic purchase to begin with: survival.

This is all common and accepted form of shopping under the circumstances. However, this places consumers in a position of vulnerability. The consumers fail to acknowledge the purchasing power they have in the marketplace and how at the core of any transaction, the ultimate decision always relies with the consumer. The results are increased prices and shortage of supplies. Panic purchasing involves acquiring items that are necessary to survive with little regard for their cost or preferential brand names: the focus is on performance for endurance purposes.

A lesser discussed topic is that of consumer dissonance, either for economic or brand preferences, after panic buying. Consumers overestimating their necessities and purchasing items they will have to use for quite some time, regardless of their preferences, is not a shopping experience they had hoped for (Spasova & Gundasheva, 2019). Panic purchasing is justified during a stressful situation, but when that stressful situation is no longer apparent, the bulk buying poses other unpleasant feelings.

Panic purchases have an impact on businesses as well as consumers. Majority of businesses are not prepared for the sudden increase in demand. Storing inventory can be costly and not efficient or effective for the bottom line. The increased flux of consumers requires more resources such as workforce, funding, and power, and they are not always available at a short notice (Godfray, Beddington, Crute, Hadad, Lawrence, Muir, Pretty, Robinson, Thomas, & Toulmin, 2010). Experts have continuously pointed out that consumers should be prepared for a disaster and not wait for one to occur in order to take the necessary measures (Litman, 2006).

### **Consumerism in the 21<sup>st</sup> Century**

The American society has shifted its gathering places in the past century, from home, to churches, to places of employment, to the malls, and lastly, to the Internet. Where consumers shop has followed the latest trends as well (Zukin, 2018). Consumers have had to adjust their life styles along with their purchase patterns. Shopping is very significant in the American culture: it is the country's favorite pastime (Cairns Jr., 2006). The way consumers shop, consume, use, plan and project to purchase in the future has taken a different form. The Internet has enabled the convenience of shopping while having merchandise and even services delivered to the consumer from anywhere in the world (Fuciu&Dumitrescu, 2018). The consumer is the ultimate driver of the market place; they are the definitive piece that balance sales, demand, and prices. Consumerism has seen a spike in the recent decade in the US (Endres & Panagopoulos, 2017). The upsurge demand in sales has given rise to the machines (Ammerman, 2019): selections available to consumers are being tailored through the use of Artificial Intelligence, such as key words, search engines, prior shopping

patterns, due to the high demand that human power cannot keep up with (Ammerman, 2019). More dangerous than the convenience of the Internet and the unlimited selections available, is the ultimate concept that the American business environment evolves around. This concept relies on the notion that human happiness can be found in the continuous purchase of more and more goods and services (Cairns Jr., 2006). So naturally we are left wondering if consumers need more.

### **Needs Vs. Wants**

The notion of need and want should be easy to distinguish from each other. A need is something that is vital and necessary for survival. While a want is something that can only be sought after the needs have been satisfied. A want is something that is desired. Another clear distinction between the needs and wants are the amounts of each; needs have finite amounts such as the need for food, shelter, and biological needs (Maslow, 1943). While the amounts of wants are unlimited; experts note that consumers have unlimited amounts of wants, but it is their economic ability (to afford) which limits them.

The topic of needs versus wants takes a different meaning for a consumer that has an abundance of options and is surrounded by modern amenities (Korolev, 2015). Electricity and running water might be considered a want in another part of the world, but in America, they are essential part of daily lives, hence considered a need and not a want. A smartphone is another device that is so embedded in the American lifestyle, that it is impossible to not think of it as being vital. A smart phone has already replaced music listening devices, cameras, trips to the bank and socialization. Therefore, while the concept of need and want is very simple to identify in theory, it is challenging to relate to in practice (Roberts, Dant, & Lim, 2014).

The market is segmented based on consumer income level, education, marital status, and even psychological preferences. The various segments of population have a different perception on what is considered a need versus a want. This is what makes the marketplace a very diverse entity with opportunities for organizations not only to identify them, but also act upon these opportunities.

Another great distinguish between needs and wants can be referenced to Maslow's Hierarchy of Needs Pyramid which provides an easy guide for any consumer or business, regardless of how modern or automated the world might get (Maslow, 1943). As long as consumers are human, and have to go through the same lifecycle, they will have the same needs for survival. Hence, when faced with the same risk, such as that of a global pandemic COVID-19, consumers, regardless of their social, political, or income level, will agree on what is a need: that which ensures the survival of human life.

### **Shift in Consumer Perception**

Consumer confidence and attitude is the most important aspect of any business; it is what determines the success of a brand, longevity, and its ability to survive the test of time and not be just another fad. If the consumer feels that they can afford

a product or service, they will ensure to purchase it even when financially they cannot afford it (Lasoued & Hobbs, 2015; Ludvigson, 2004). It is pretty common in our modern society for purchases to be made on credit. What that translates to, more often than not, is a promise that the future will be secure and the consumer will be able to make a required minimum payment stretched during a given period of time (Sullivan, Warren, & Westbrook, 2020). The ultimate win-win: a consumer gets what they believe they need or want, a business generates income, it employs members of the community, gives back to its stakeholder, and creates a harmonious environment where one variable is dependable upon another. The drawbacks to that have been significant dents to the economy, such as the credit default from millions of consumers due to loss of employment from the 2008 financial crisis (Chen, Filardo, He, & Zhu, 2016). More than loss of employment, was the loss of consumer confidence that proved to be disadvantageous for the US economy (Earle, 2008). When faced with uncertainty for the future, the perception of what is necessary and what is not shifts significantly and consumers become very conscious of their purchase decision (Schwartz, 2012).

### **What Now? Concluding Remarks**

Consumers of the 21<sup>st</sup> Century have grown accustomed to having demands met with courtesy. There is always a substitute for better quality or better price available in the global marketplace (Korolev, 2015). Consumer needs are finite and wants are infinite. The unlimited amount of wants that a consumer partakes, has created an abundance of products in the marketplace that appear to fulfill needs more than wants due to the way they are marketed to consumers (Roberts, Dant, & Lim, 2014). There is an invisible battle that takes place constantly in the business world where companies are competing for a piece of the pie: market share. While it is undeniable that competition between firms has brought forth service enhancement among organizations such as added values that look like free shipping, lifetime warranty, and in-home grocery delivery, it has also created an environment that is constantly chasing sales of products and services that are not necessary.

The current pandemic however did show us that the global marketplace, while it comes with enhanced value for the consumer, it also comes with shortages (Kinkel, 2012). Consumers need to acknowledge that there is a clear distinction between a need and want and that is universal around the world. While companies were focusing on gaining competitive advantages by appealing to wants disguised as needs, they had neglected addressing vital needs for consumers. Experts emphasize the need for consumers to be prepared in case of a disaster (Litman, 2006), but so should businesses that serve consumers. There is this new philosophy that tends to tip over the scale of the organizations, which is the belief that human happiness relies with purchases and acquiring of more. When faced with risks and situations that threaten life, perhaps more is not always the answer.

Ultimately, consumerism is like an organism that gets bigger and out of control the more consumers feed into it (Cairns Jr. 2006). Consumers need to realize that

they are the driving force of the market place (Laukkanen, 2016) and have the ability to adjust it in order to fulfill their needs and wants more efficiently. It should not take a pandemic to raise awareness of the vulnerability consumers have to needs and not wants. Resources are limited, some are sustainable while others are nonrenewable (Farrell & Newman, 2020). Consumerism needs a harmonious balance between all stakeholders where the purpose should be to enhance the life of consumers in various aspects and not be perceived as an opportunity just to profit.

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