The Impact of The Pandemic on Consumer Behavior

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Abstract

The purpose of this study is to review the current literature on the impact of COVID-19 on consumer behavior in Albania - assessing what has been said and done so far. There have been studied many materials that are already available from many scholars as well as articles from prestigious journals from various disciplines. In each of these works the main attributes of them have been evaluated by making them part of the content analysis. From the study of the literature it resulted that there is not much academic material published on the impact of the pandemic on consumer behavior as it is a relatively new global phenomenon and in many ways unknown. Most of the existing studies that have been published are by industry experts. Given the literature review for a relatively new topic and in a relatively short time, this study provides a concise overview of consumer behavior in Albania under the influence and presence of COVID-19. The study also presents the role of digital marketing, mainly the social media in adapting to new consumer behavior. The results of the study will help practitioners and academics in this field to adapt to the latest change in consumer behavior as a result of COVID-19. The academic relevance of this study is to expand and advance current research and fill gaps in the literature. The practical significance of this study can be valuable and influential for all industries.

Keywords: consumer behaviour, COVID-19, digital marketing, social media.

1. Introduction


The spread of the coronavirus has accelerated the shift of consumers from cash payments to contactless transactions, as well as the increased use of mobile banking, reinforcing the importance of technological innovations in the banking sector. However, consumers are changing their behavior. The spread of the coronavirus has led consumers to reassess their approach to personal finances and spending, increasing their focus on savings and reconsidering how they should make expenditures. In this paper, we will examine the influence of the epidemic on consumer behavior by discussing how epidemic outbreaks affect consumer consumption and purchasing behaviors. Consumers, in particular, have significantly reduced spending in physical markets, but there has been a noticeable increase in electronic commerce.

The results are particularly important in that consumers' response to the pandemic was primarily focused on health, financial situations, job loss, and their overall safety. Given the increasing challenges posed by...
infectious diseases and other phenomena like these, this paper provides some important recommendations for policies and strategies that marketers, and even policymakers, should develop to support the economy during epidemics.

In one way or another, the interviewees who have become part of this study have expressed their opinions regarding these types of purchases, listing the factors that influenced their decision-making.

In conclusion, recommendations will be presented on how the data emerging from the study on the impact of the COVID-19 pandemic on consumer behavior can be further analyzed in the long term, especially as consumer behavior may stabilize or continue to deviate from traditional models during periods of stability. While we conclude that consumer behaviors during COVID-19 align with historical shocks or global crises, I hope this study will be an added value to academic research and, why not, governmental planning for future crisis impacts, aiding to some extent in the analysis of behaviors during the pandemic.

The Importance of the Study:
It is already known from the literature that crisis situations arising from severe natural or health events, such as the current global situation, prompt people to demonstrate behaviors that change depending on the created situation. Considering the fact that the globe was closed in every market, consumers are the driving force behind its competition, growth, and economic integration. With economic instability, consumers are also undergoing a transformation in their behavior, although it remains unclear and in question even, how long the transformation in consumer behavior will last, or whether it has become an irreversible phenomenon. This paper studies consumer behavior during the COVID-19 crisis in Albania and is of particular importance for marketers to understand how consumer behavior has changed as a result of the pandemic, which products are now prioritized by consumers. What challenges do consumers and businesses face? Which markets have developed, and which ones have been neglected? Ultimately, this study is also important for policymakers because, based on its conclusions and recommendations, it can provide solutions to various issues related to health and safety in general.

Summary of the Importance of the Study:
Firstly, it constitutes a significant contribution to understanding consumer behavior during a crisis in Albania.
Secondly, the methodological approach using a questionnaire as a research instrument provides the opportunity for readers, including marketers, to become acquainted with the real opinions of consumers. This allows them to build their strategies based on the changes in consumer behavior and the challenges consumers face.
Thirdly, policymakers can leverage the study's recommendations and conclusions to formulate policies that contribute to overall safety, as well as health or economic growth specifically.

2. Research methods:
The aim of the study is to provide a comprehensive view of Albanian consumer behavior, dictated by the health crisis that has affected the world. Additionally, it aims to highlight the challenges faced by Albanian consumers and businesses and to offer recommendations for overcoming these challenges, based on the study's findings.
The objectives of the study:
1. To understand the latest trends in consumer behavior in Albania influenced by the COVID-19 pandemic.
2. To comprehend the challenges faced by Albanian businesses and consumers in the current situation.
3. To fill the gap in academic literature, where the contribution of research works is of great importance.

Research Questions:
1. What are the factors influencing the change in consumer behavior during the health and economic crisis created by the pandemic?
2. Given that consumers exhibit herd mentality behavior as a result of the COVID-19 pandemic, what are the opportunities that businesses should exploit to adapt to this new behavior?

Also, in the analysis of our data, descriptive statistics have helped us to see the trend in consumer behavior in the conditions of the global health crisis.

The questionnaire in its first part collects data on the demographic characteristics of the interviewees, such as age, gender, educational level, income level, etc.

The second part of the questionnaire is structured with questions that gather information about consumer preferences in crisis conditions, the products they prioritize in their choices in this situation.

The individuals who became part of the study belonged to different age groups, considering the fact that the questionnaire was distributed online, dictated by the conditions of the pandemic. Nevertheless, the positive aspects of the questionnaire distributed online, as we have mentioned in marketing, include the sincerity of responses, immediate feedback, and inclusivity. However, this questionnaire has its limitations, mainly regarding the low response rate (given that it was distributed to more than a thousand addresses and only 102 people responded) and there may be technological issues (respondents may have internet problems, may not be very comfortable with the technological handling of the questionnaire, etc.).

Despite these limitations, the questionnaire has achieved its objective by providing us with sufficient information for the purpose of our study, for achieving the study's objectives, and for answering the research questions to which we also refer to secondary data drawn from the official INSTAT website.

Before presenting the tables of processed data from the questionnaires, we are presenting some official figures published by INSTAT related to the number of active population for work, the unemployment rate, etc.

The population of Albania as of January 1, 2020, was 2,845,955 residents. The active working-age population employed according to INSTAT in the second quarter of 2020 was 1,224,823 persons (18 to 64 years old), while in the first quarter of 2019, there were 1,270,006 people.

The number of unemployed persons during the first quarter of 2019 was 164,704, and during the same period in 2020, it was 166,127.

As seen from the data of the last two years before and after the pandemic, we have a decrease in the number of employed persons and, as a result, an increase in the number of unemployed persons.

The number of inactive persons aged 15 to 64 in the second quarter of 2019 was 934,289, while in the same period of 2020, this figure increased to 976,155 persons.

The INSTAT data for these indicators are updated only until the end of the second quarter of 2020, but it is highly likely that the unemployment rate has increased as a result of the reduction in jobs due to the global crisis.
The figure below (Figure No.1) shows the rate of population participation in the labor force from the first quarter of 2016 to the first quarter of 2020, divided into males and females.

**Fig 1: The labor force participation rate for the population aged 15-64 years (Source INSTAT)**

### 3. Findings
In our study, 102 individuals participated, of whom 84 were female, constituting 82.4% of the study participants, while the remaining 18 were male, accounting for 17.6%.

**Fig. 2: The gender of the participants in the study**

Age Groups of Participants in the Study:
- 18-25 years old: 17 participants, or 16.5% of the total
- 25-35 years old: 33 participants, or 32%
- 35-45 years old: 25 participants, or 24.3%
- 45-55 years old: 21 participants, or 20.4%
- 55-65 years old: 6 participants, or 5.8%
- Over 65 years old: 2 participants, or 1.9%
Regarding the income level of the participants in our study, the majority, or 41 individuals, had an average income level (ranging from 40,000 to 70,000 lekë per month). It is worth noting that the current minimum wage in Albania is 26,000 lekë, while the maximum is 114,670 lekë. Additionally, 12.6% or 13 participants had incomes ranging from 70,000 to 100,000 lekë/month, and 13.6% or 14 participants had incomes exceeding 100,000 lekë/month. Furthermore, the participants in the study had a high level of education, with 94.2% or 97 individuals having at least a university degree.

After obtaining general information about each participant, information related to demographic variables, in the second part of the questionnaire, we collected information about the changes in consumer buying habits related to the situation and difficulties created by the health crisis.

**Below we present and interpret each of the variables:**

In response to the question about how their buying habits have changed based on the situation, 60.2% of the participants answered "not at all" or "slightly," while 7.8% of the participants were indifferent and did not answer the question. Meanwhile, 32.1% of the participants expressed that their buying habits have changed "a lot" or "extremely." In other words, 62 participants believe that their behavior has not changed much, while 33 individuals, or about one-third of the participants, express that their behavior has changed significantly. (Fig. 4)
When the interviewees were asked about their concern regarding their safety, the answers were somewhat surprising.

More than 50% of them, or more precisely 55.3% of the participants, expressed that they are slightly or not concerned about safety, totaling 57 individuals. Meanwhile, 32.1% or 33 individuals expressed being very or extremely concerned about their safety.

Interestingly, the same number of people who expressed that their buying habits have changed significantly are those who stated they are very concerned about their safety. However, 6.8% of the participants chose not to answer this question.

To discover what concerns consumers the most among those interviewed, we directed the question with several alternatives, where each respondent could give more than one answer. The majority of those surveyed expressed concerns about two fundamental aspects: health (54.9% of them) and financial aspects (44.1%). In fact, if we carefully examine the answers to this question, they seem to contradict the responses the participants gave regarding their safety (see Fig.5 and Fig.6).

When asked about how secure they feel in their daily actions, 51.5% of the participants responded that they feel slightly or not secure at all, while 20.8% of them feel very or extremely secure. About 27.7% of the participants chose not to answer this question. (see Fig. 7)

**Fig. 5: Data related to safety**

**Fig. 6: Data related to insecurity in various aspects.**
After obtaining information regarding the safety of consumers, it is natural to continue with gathering information about how buying habits have changed. This information is summarized in Graph No. 7, providing an overview of consumers' purchasing methods.

Interestingly, 57.3% of them express that they mix their buying methods, meaning they shop both in physical stores and online. Meanwhile, 37.9% state that they continue to make purchases in a traditional way, meaning in physical stores, and 6.8% express that they now make purchases exclusively online. (Fig. 8)

Continuing with the interviews, participants were asked about the categories of products they purchased online.

Interestingly, 31.9% of the participants now buy consumer products such as food or medicines online, and 59.8% of them purchase clothing online. It is noteworthy that online clothing shopping has become a habit due to the evolution of digital marketing and the widespread use of social media even in normal
conditions (unaffected by the pandemic). Electronic products were purchased online by 21.6% of the participants, and other products by 18.6%.

Regarding the question about which products have been added to the shopping list as a result of the pandemic, the responses received included: coffee machines (due to the closure of cafes), bread-making machines (fear of contracting the virus from physical bread stores or its cutting), gloves, masks, and disinfectants. These are products that increase protective measures against the disease and have been added to the list of previously purchased products.

![Fig. 9: Categories of products purchased online](image)

As easily noticeable from the graph below (Fig. 10), 45.6% of those surveyed do not consider brands important, and an equal percentage, 45.6%, only buy their preferred brands. A small percentage, 8.7%, are consumers who consider the possibility of trying new brands. The fact that a high percentage does not consider brands important indicates the influence of the crisis on consumer behavior. On the other hand, the fact that a high percentage expresses that they only buy their preferred brands is related to the influence of the brand on the consumer and the impact it has on the consumer's mind. It reflects the strong connection that the brand has with consumers and the strong, unique, and favorable associations it creates in the consumer's mind.

![Fig. 10: Change in the approach to brand shopping](image)
Regarding the difficulties of shopping online and the reasons related to them, the respondents overwhelmingly answered that online shopping is slightly or not difficult at all (83.3% of them). Meanwhile, 24.5% of the respondents who find difficulties in online shopping attribute them to factors related to the payment method, and 27.6% of them express that businesses are not prepared for this method of shopping, and they do not offer the possibility of card payments, etc. (Fig 11 and Fig.12). Another factor is that some consumers still do not have a debit or credit card.

![Fig. 11: Difficulties in online shopping](image1)

![Fig. 12: Difficulties in online shopping](image2)

Buyers still prefer to make purchases in cash (56.9% of them), which is automatically related to the difficulties of online shopping. These factors also include others related to the security of online shopping, as there is still a fear associated with security elements in online purchases (Fig. 13).
How has consumer behavior changed regarding the type of food consumed and the preferred place to consume it?

85.4% of those surveyed prefer to consume home-cooked food, 2.9% opt for ordered fast food, 7.8% traditional catering, and 20.4% prefer restaurants. Thus, there is a growing trend to avoid restaurants and consume food at home, with an added preference for traditional food and minimizing the consumption of fast food. (Fig. 14)

The respondent's answers to questions regarding safety in various public environments, where the possibility of contact with the virus is higher, such as gyms, aesthetic centers, cafes, and the recently reopened public transport, were overwhelmingly (over 65% in each case) that they felt somewhat or not safe at all. This implies that this will also affect consumer buying behavior in these environments. This is confirmed by the responses to the subsequent questions about whether consumers frequented these environments as before, where the percentage of responses that they frequented them less than before or no longer frequented them was in each case over 50% less than before.

To the common question in this situation about whether social media marketing has seen more development, the respondents answered to a large extent, with 64.1% responding very or extremely, meaning that consumer behavior is greatly influenced and oriented by social media (Fig. 15).
At the end of the questionnaire, an open-ended question was included to encourage responses on issues that consumers might consider important and unintentionally left out of attention.

**The question was:**
What do you think to add about changes in your shopping habits? None of them answered this question, which means that overall, the questionnaire has covered all consumer sensitivities regarding their reactions to behavior as a result of the pandemic crisis. In conclusion, it should be noted that for the analysis of the questionnaire, SPSS was not used this time as one of the most suitable programs for analysis. Still, since it was distributed online through the Google Drive platform, this platform facilitated the analysis of each questionnaire received from the respondents.

### 4. Conclusions

The data collected from the questionnaires, as well as the data obtained from secondary sources such as INSTAT, etc., aimed to study the factors that influenced changes in consumer behavior and examine the opportunities that businesses should exploit to adapt to the new consumer behavior, which seems to be enduring at pre-pandemic levels for a long time. In these conditions, providing answers to the research questions posed at the beginning of our study opens the way to conclusions and recommendations that will serve the parties involved in the future.

**The research questions were:**
1. What are the factors influencing the change in consumer behavior during the health and economic crisis created by the pandemic?
2. Given that consumers exhibit herd mentality behavior as a result of the COVID-19 pandemic, what are the opportunities that businesses should exploit to adapt to this new behavior?
Based on the data we gathered and their analysis, as well as additional information and secondary data, the response to the first research question indicates that the groups of factors influencing changes in consumer behavior are ranked as follows:

According to the survey, 102 individuals participated, of whom 84 were female, accounting for 82.4% of the study participants, while the remaining 18 were male, constituting 17.6%.

The survey respondents were aged 18 and above, and over 75% of respondents agreed that the COVID-19 pandemic had influenced their buying behavior, while the remaining portion did not report such a change.

Summarizing the findings and analysis of both primary and secondary data, as well as information from various online sources, the conclusions of the study are presented below:

- The spread of the coronavirus has led consumers to reassess their approach to finances and personal expenses, focusing more on savings and reconsidering how they make purchases.
- The disruption of activities due to COVID-19 has elevated digital channels. The shift to an even more digital world is evident, especially for those who can use digital tools and have digital experience. However, traditional physical stores should not be disregarded entirely.
- Consumers prioritize secure, fast, and convenient shopping experiences. Serving the needs of Albanian consumers requires a comprehensive strategy supporting both new and traditional payment methods, whether in-store or online.
- Speed of service is crucial, but it's not everything. Consumers dislike having to pay for product delivery.
- Albanian consumers are concerned about security, especially regarding their personal data. Data breaches represent a serious threat to the reputation of any business.
- The future of smart payments is now. Digital payment methods are gaining prominence, and businesses need to adapt to this evolution.
- Cash is still relevant, but digital future is here. People still visit ATMs and prefer using cash for payments, but there's a noticeable shift, as illustrated by the decline in cash usage compared to a year ago.
- While consumers are becoming more optimistic, they may not be as flexible as needed, especially as unemployment and bills increase. Consumers might plan to cut discretionary spending, affecting categories like clothing, travel, and home appliances.
- Companies offering healthy, food-related products and local organic products will continue to thrive.
- More digital communication platforms are needed. The impact of digital technology and social media on consumer behavior is massive. The majority of consumers appreciate social media platforms, and the internet is becoming a global medium.
- Existing habits and traditions are being disrupted, and new ways of consuming are emerging. The pandemic has prompted consumers to be more creative in finding new ways of shopping and consumption.
- The influence of digital technology and social media on consumer behavior is extensive and widespread. Internet use has dramatically changed the nature and scope of word-of-mouth recommendations and real-time information exchange.
- Albanian companies face bureaucratic challenges that hinder their ability to adapt quickly. Changing established processes is difficult for these companies.
• Government support can aid e-commerce by implementing fiscal and tax policies, guiding exchange rate policies, and providing administrative support to expedite e-commerce development.

**Recommendations**

- Retailers must adapt to changes. They need to demonstrate that they are adapting to changes in consumer behavior.
- Retailers should offer a variety of payment methods that their customers know and trust, making payments secure, easy, and accessible. This starts with understanding how customers prefer to make purchases.
- Retailers should consider providing a variety of product delivery options that balance delivery speed with cost. Companies should be transparent and specific about delivery options and should avoid negative "surprises" that could lead to customer abandonment. It should be noted that during the total lockdown situation, many Albanian companies offered free transport services only for purchases over 5000 new leks.
- Retailers should prioritize comprehensive data security plans and communicate these efforts to customers transparently, emphasizing data security. Minority retailers need to make joint efforts to secure their customers and build trust.
- Retailers need to ensure they are prepared for digital payments that consumers expect, but they should not stop accepting cash yet, as it remains a crucial payment option for many consumers.
- Companies should strive to be loyal to their brand and purpose. In times like these, every interaction with customers and business partners is an opportunity to demonstrate the true identity of the company and what the brand represents. People pay attention to how organizations and businesses respond, basing it on showing compassion and dedication, and these companies are likely to stand out as leaders.
- Companies need to pay attention to communication with their customers and stay in touch with them, letting them know how much they are valued and cared for—even if they buy fewer products and services from the company. This should be seen as a concept even in their advertisements. By connecting more closely with customers in difficult times like these, companies can gain additional benefits by helping to build stronger partnerships and relationships that are likely to last for years.
- Companies need to find new ways to communicate with their customers.
- Retailers should seek to include biometric confirmation of payment transactions to enhance customer experiences, minimize fraud, and improve operational efficiency.
- Companies will be able to support their capabilities, increase the adoption of online access, and bring the online experience to various groups. We have already seen the introduction of virtual selling platforms that help expose products, engage consumers, and offer very effective service levels. Such platforms will multiply across categories.
- Companies should create new strategic partnerships throughout the industry as the rise of direct-to-consumer platforms further fragments channels.
- Companies should also invest in data management technology and customer relationship building to encourage trade.
- The government needs to take measures to safeguard online payment security and build strong IT infrastructure that can be easily accessible to all. Second-tier banks should also consider the possibility for all employees to be equipped with both debit and credit cards.
Albanian companies need to invest in the necessary talent, research skills, and digital tools to adapt to consumer needs, develop new sustainable products and services. They should work together with stakeholders such as NGOs, media, trade associations, and academia to re-examine the values they support and the actions they take.

Companies need to establish greater inclusivity and transparency throughout supply chains, find new supply chain partners that adapt to changing consumer demands, increase R&D investments in the future related to healthy food and nutrition, and train staff to ensure sustainable service in line with the brand/offer.

Just as consumers have learned to adapt and behave in crisis conditions, businesses must also learn to behave and adapt to new consumer behaviors and conditions created by the crisis. In other words, companies must now make their infrastructure, systems, and processes more elastic to manage global crises such as Covid-19. Customer experience in the virtual world and after-sales services (customer support) are strategic investments so that consumers do not revert to their old habits.

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