

# The Effects of the Crisis Generated by the COVID-19 Pandemic on Consumer Behavior Regarding Brand Purchasing

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The global COVID-19 pandemic, the rules of social distancing and the restrictions imposed by the authorities have had a strong impact on all aspects of our lives on a social, psychological and economical level. The buying habits of consumers have been modified, as they were forced to adapt to a new context generated by the current situation, being strongly influenced by factors such as unstable economic climate, destabilization of the labor market, rising unemployment, affecting every industry (both small businesses and large brands or multinational corporations). This paper aims to examine consumer behavior regarding brands in the context of the COVID-19 pandemic, taking into consideration social, economic, technological factors, as well as factors that influence the decision-making process in brands acquisition.

Key words: COVID-19, brands, consumer behavior

## 1.Introduction

The COVID-19 pandemic fundamentally changed the world as we knew it. People live differently, have changed their shopping habits and gained different perspectives on the consumption of different categories of goods. Having concerns about their health as well as their financial situation, they have learned to adapt and prioritize their acquisitions, attitudes and behaviors towards certain products, services and brands are different, and according to current research, these newly formed habits will remain beyond this crisis, changing certain aspects that people valued before, ways of buying, as well as mentalities (<https://www.accenture.com/us-en/insights/consumer-goods-services/coronavirus-consumer-behavior-research>). All these changes affect not only small businesses, but can also affect brands, whose attributes (awareness, perception of superior quality of products and services, loyal customers) ensure, in general, a solid position in the market. Thus, the health crisis generated by SARS-CoV-2 has reshaped the industry in real time, accelerating certain trends (for example, the rise of e-commerce due to the impossibility or limitation of the option to buy from traditional stores and the imposed rules) and bringing new challenges in marketing and management. By exploring changes in behavioral patterns, we can gain new information about the marketing actions and tactics that entrepreneurs should properly address and exploit in order to maintain or strengthen the market position of their brands.

## 2. Literature review-Brands and their value from consumers' perspectives

In the opinion of many experts and researchers in the field, brands are considered the most valuable asset for companies, being widely recognized as a major influencing factor in consumer decision-making, being a tool by which they differentiate products and identify

their unique characteristics, having the potential to increase the level of trust and certainty regarding the quality of products and services offered by a company. Brands tend to facilitate decision in the purchasing process, eliminating some of the associated risks that exist in consumers' minds (Aaker, 1991; Chung et al., 2013; Emari et al., 2012; Huang and Sarigollu, 2011; Kremer and Viot, 2012 in Sasmita & Suki, 2014). Brands mirror consumers' perceptions and opinions about the performance of products and services sold, so it is important for companies to track the decision-making process of their customers and identify the criteria and conditions they apply during it (Cravens and Piercy, 2003) and to analyze to what extent the brands influence the purchase decision.

Given the fast pace of everyday life of today's consumers, the wide range of product and service offerings and access to a global market, the purchasing process has become more complex than ever due to these factors and more and more companies face the difficult task of differentiating themselves in an extremely competitive market, of meeting the requirements and needs of their consumers, providing them with the specific „added value” of their brand, constantly trying to rise above expectations. A strong brand simplifies purchasing decisions, reduces risks and generates high expectations, as well as increases trust in the minds of consumers about the quality offered by a particular product or service, which are extremely valuable intangible assets for companies. Building a brand that will continue to keep its promises and rise to the expectations of its customers, delivering performance constantly is a managerial imperative, which will benefit companies long-term.

In general, a brand that inspires credibility indicates a certain level of quality and is more likely to be part of the consideration set in the buying decision process of customers. A positive brand experience, which enhances brand image and strengthens the brand identity will determine satisfied buyers to choose the product again, increasing the degree of loyalty to the brand. Increased loyalty entails other benefits, such as planning activities and developing proper marketing strategies, rigorous budget forecasting, stable long-term revenues, diminishing the vulnerability of companies both to current and / or potential competitors or in situations of economic crisis (Moisescu, 2015). Also, loyal consumers are generally willing to pay a higher price for favorite brands, which will result in increasing the profit made by the company. Although competitors may imitate the manufacturing processes and design of a particular brand's products, they cannot compete with the impressions left in the minds of individuals and organizations or with years of experience in manufacturing the products (imitations will not be as qualitative as the originals and this will be visible, especially by connoisseurs or loyal customers). A true brand will always leave its "mark" among its customers. Branding a product or service can be a powerful way to gain a competitive advantage and, implicitly, achieve sales growth (Kotler & Keller, 2012).

### **3.Brand equity**

Brand equity is based on consumers' high confidence in a particular brand to the detriment of competitors' products / brands, leading them to repeatedly purchase the brand's products, creating a loyal customer base, resulting in an increased willingness to pay premium prices for their favorite brand (Lassar et al., 1995). Thus, companies with stable brand equity benefit from competitive advantages in the market, forming a so-called barrier to commercial pressures from competitors, and creating the opportunity to expand the brand on the market (Severi and Ling, 2013). The strength of a brand is a consequence of brand equity (Arvidsson, 2006 in Hakala et al., 2012), which is a key element in evaluating the marketing performance of a company. Brand equity has the ability to create and develop a brand and is considered a major dynamic force in today's business world. The whole concept, along with its creation process, the values it provides, including resources and revenues, as well as obtaining brand loyalty among clients, are requirements that represent major challenges for businesses, especially today, in the context of a highly globalized market (Kish, 2001; Agarwal and Rao,

1996; Arvidsson, 2006 in Hakala et. al, 2012 . From the customer's perspective, brand equity can be related to the consumer's benefits from using the brand and the value perceived by doing so. It can be said that brand equity expresses the relationship between the company's offer and its customers (Fournier, 1998; Farquhar, 1989)

Brand equity can be reflected in the way customers think, feel and act about the brand, but also prices, market advertising and brand profitability. Marketers and researchers use different perspectives to study brand equity. The ones who tend to be customer-centric believe that the strength of a brand lies in the vision(perception) of their customers.

Kevin Lane Keller (1993) defined the concept of brand equity from a consumer perspective, developing the foundation for the CBBE concept (Customer-Based Brand Equity). He theorizes brand equity as the differential effect generated by brand knowledge on how consumers react to the company's marketing activities (Keller, 1993). In other words, brand equity involves consumer reactions to an element of the marketing mix of the brand, compared to their reactions to the same element of the marketing mix assigned to a similarly named or unnamed version of a similar product or service. Customer-based brand equity is achieved when consumers perceive the brand as familiar (high level of brand awareness) and holds in memory favorable, strong, and unique associations in connection with it.

Consumer-Based Brand Equity encompasses the aspects that provide value to consumers in relation to a particular brand, or, in other words, in attributing certain specifics, characteristics, which are perceived by customers in a positive way, reducing their risks and simplifying purchasing decisions. A brand can benefit from a positive CBBE if the consumers' reaction to an element of the marketing mix is favorable, and they lean towards that brand in the decision stage within the acquisition process, when they view and recognize the brand name; this is more likely in the case of known brands, whereas an ordinary product may not be able to provoke the same positive reaction, even in the case of applying a similar marketing program; negative reactions from consumers to the brand's marketing activities will generate automatically generate a negative CBBE (Keller, 1993).

In the current situation, what, why and how are consumers buying is changing due to the CoVid-19 global crisis. It is safe to assume that most consumers have been focusing their priorities on fundamental needs; demands have increased for the hygienic and cleaning products category, while non-essential categories sales are dropping, for example (<https://www.accenture.com/us-en/insights/consumer-goods-services/coronavirus-consumer-behavior-research>), but we are uncertain if these effects have a negative impact on brand purchasing, which we will try to explore in the present study. We ask ourselves if consumers will permanently change their consumption habits due to social distancing rules and other restraints, as well as in terms of financial insecurities faced.

#### **4. Rise of e-commerce and the changes of purchasing habits of consumers**

The COVID-19 pandemic, the rules of social distancing and the restrictions imposed by the authorities have disrupted the habits of consumers' buying behavior, as they have had to adapt and form new ones. Due to the fact that they were unable to purchase certain categories of products (for example, clothing), they resorted to online shopping. Even if consumers tend to return to old habits (in a hypothetical scenario of the end of the pandemic or the relief of restrictions) it is likely that old habits will have been definitively modified. Technological advances have already contributed in this aspect. Consumption is closely correlated with location and time. Although we have many good predictive models in terms of consumer behavior and consumer prospects based on repeated past buying behavior at the individual level, in this case we need to consider that while consumer behavior is common and predictable with the use of the above tools, it is also contextual (Sheth, 2020). According to Sheth (2020), there are four major contexts that govern or disrupt consumer habits: the first is change in the social context through life events such as marriage, having children or moving.

The social context includes work, community, neighbors and friends. The second context is technology: the emergence of advanced technologies shapes human behavior in general. Among the most prominent modern technological discoveries we can include the Internet, smartphones and e-commerce. The online environment has had a dramatic impact on the way we buy products and services (Sheth,2020). A third context that has an impact on consumption habits are the rules and regulations imposed by the government and public authorities, for example, regarding the consumption of certain products. For example, smoking, alcohol, are regulated by law. Public policies can also encourage the consumption of specific good products and services, such as solar energy, electric cars, compulsory car and home insurance services and children's vaccines. The fourth and final context (the least predictable) includes natural disasters (earthquakes, hurricanes, floods) and global pandemics, such as the one we are facing today. This context also includes regional conflicts, wars, depression or recession. All these events can significantly disrupt both consumption and production and have a negative impact on the economy. In this paper, we aim to examine both the immediate and long-term impact of Covid-19 on consumer behavior.

Digital commerce has been impelled due to the migration of consumers towards online stores and it is likely that this tendency will be maintained post-pandemic. According to a report conducted by [www.accenture.com](http://www.accenture.com), Alibaba's online supermarket, Hema, reported that orders increased by 220% each year during Chinese New Year, including when the virus started to spread. American online delivery service Instacart's number of subscribers have increased 10-20 times in the states that were the most affected by the virus. This increase in e-commerce is due to first-time-users, according to statistics. It is expected that the utilisation of digital commerce will continue after the pandemic, thus companies should orient their strategies towards the online environment and adapt them accordingly. We aim to examine both the immediate and long-term impact of Covid-19 on consumer behavior in Romania, taking into consideration all the above-mentioned factors, in order to provide better insight of the activities marketers and managers should concentrate their efforts on, in order to thrive in this new business environment.

#### 5. Research methodology

The data for this study were collected via an online-administered questionnaire, consisting of 11 questions, within a two week period (from the 7th August 2020 to the 21st August 2020). The sample size, consisting of 69 respondents is reasonable, has been deemed reasonable, as stated by Roscoe (1975), who considers a sample size between 30-500 samples as a satisfactory one. The results from the data processing were obtained and interpreted using descriptive statistics, taking into consideration a series of demographic variables, such as gender, age, employment status, residency area (urban or rural), employment status and income.

#### 6. Descriptive analysis and results

An overwhelming majority of respondents (78%) were female, the remaining 22% being male.

Regarding the age of the respondents, the age segment with the highest response rate was in the category of young people, aged between 18-25 years, in proportion of 54% (37 respondents), followed by people aged between 26-35 years (22 respondents), meaning a proportion of 32%. A low response rate was found among people within the age category of over 45 years, consisting of a number of only 8 respondents (11%), and the lowest response rate was among people aged 35-45, with only 2 people completing the questionnaire.

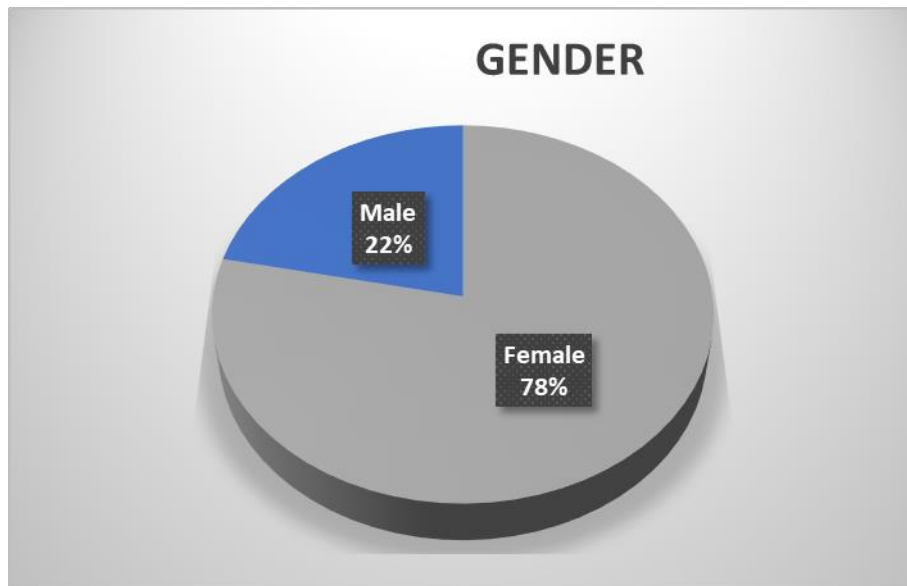


Figure 1-Distribution of respondents according to gender criteria

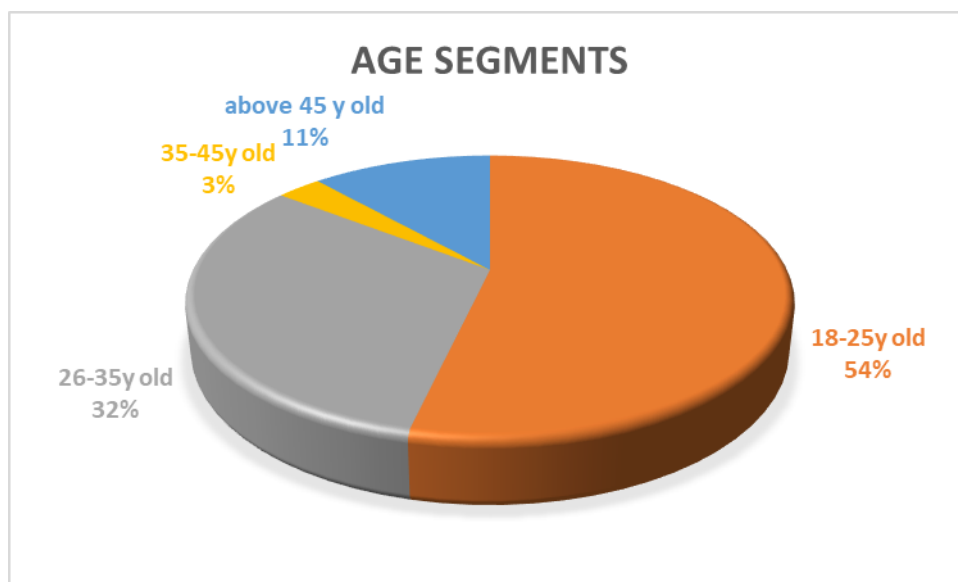


Figure 2-Distribution of respondents according to age criteria

Regarding the area of residence of the respondents, the vast majority, in proportion of 77%, are domiciled in urban areas, the rest (23%) living in rural areas.



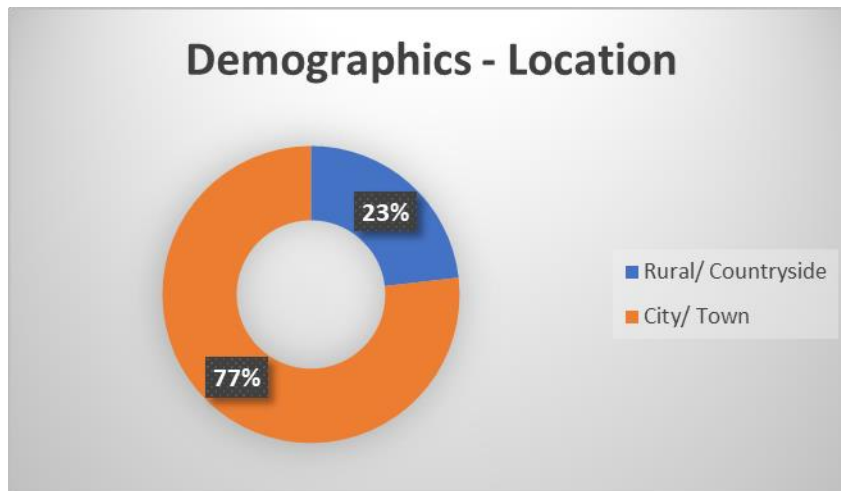


Figure 3-Distribution of respondents according to residency area

The respondents` employment status is illustrated in the figure below.

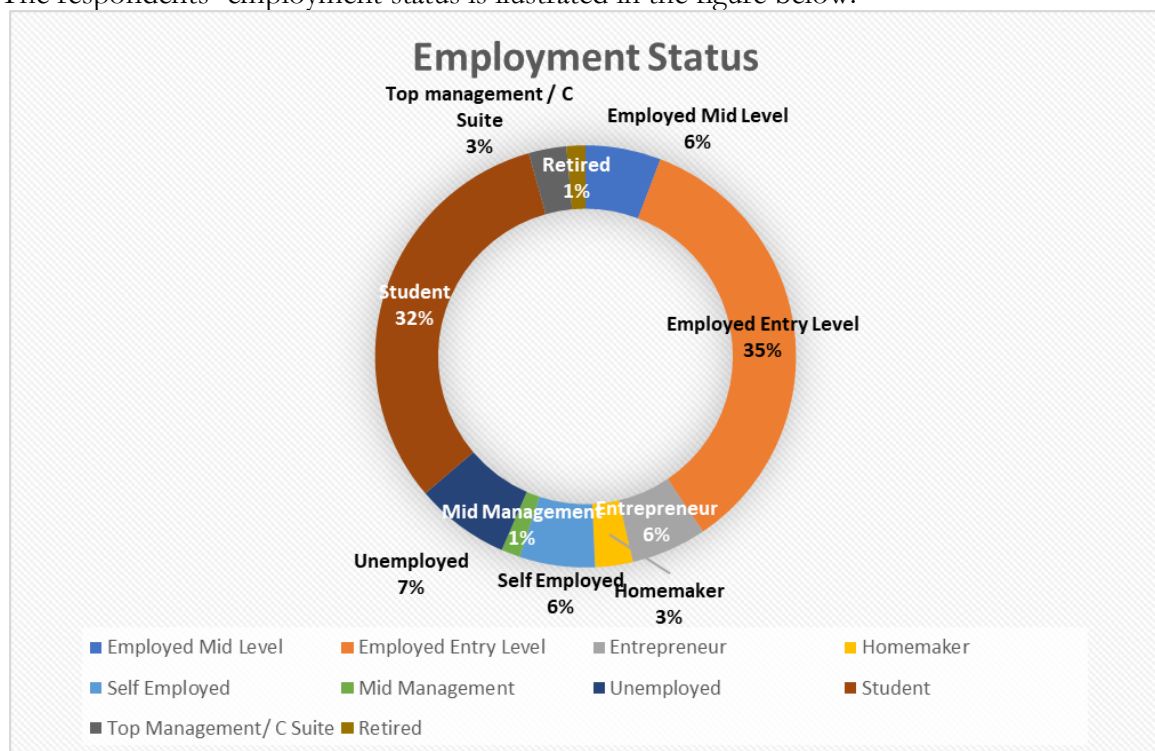


Figure 4-Distribution of respondents according to employment status

A factor of major importance, universally known for influencing purchasing decisions, income is a demographic variable that must be taken into account in any study that addresses consumer behavior. In our study, the delimitation of respondents by income is illustrated in Figure .... The vast majority of respondents, in proportion of 33%, are part of the category of persons who earn minimum wage incomes (below 1500 lei), followed by those with incomes with amounts between 2501-4000 (31%). A percentage of 20% is represented by persons with incomes over 4000 lei, and the lowest response rate(16%) was registered among persons with incomes between 1501-2500 lei.

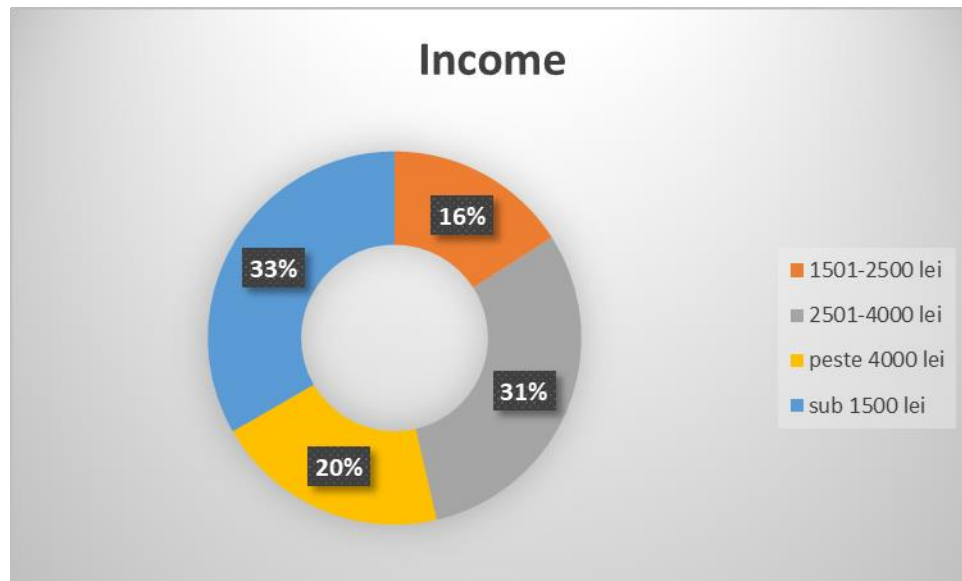


Figure 5-Distribution of respondents according to income

A first aspect to consider in this study was related to the preferences of consumers' purchasing methods in the context of the COVID-19 pandemic, taking into account the traditional means of acquisition (physical stores) or shopping in online stores, as well as observing the frequency with which the respondents use the respective purchasing methods (or the frequency with which they buy from different locations or use online mediums). The numbers are represented in figure 6, and according to the results, we notice that the majority of respondents have a reduced buying frequency following the pandemic situation, taking into consideration both traditional and online store. The highest registered buying frequency was more than once a week through local corner shops, as indicated by a number of 29 respondents, which can mean that people prefer to buy their groceries at stores located in their proximity, reducing the frequency of buying in supermarkets, as indicated by a number of 28 respondents who responded that they shop for groceries on a weekly basis from these types of stores. A low frequency buying rate is observed in the case of shopping malls, a majority of respondents affirming that they rarely shop in these locations nowadays. In terms of online shopping, some of the respondents (a number of 16) answered that they barely purchase via the Internet, but some of them mentioned that they shop online on a weekly basis (14 respondents), once every two weeks (9 respondents) or once a month (11 respondents).

Figure 6 illustrates the results that were obtained following the question regarding purchasing habits when it comes to brands. The highest response rate (41%) indicate that Romanians buy brands both from online, as well from physical stores. However, a large percentage of the respondents (30%) declared that they would rather buy and test branded products from traditional shops, meaning that, although there are multiple benefits of online purchasing (convenience, a wide range of products and services worldwide, the possibility to compare products and prices, unlimited access, regardless of time and space), it is difficult to replace some experiences that traditional shopping offers (sensory experiences, the possibility to see, touch, the products, to test them). A factor that needs to be taken into consideration is the uncertainty that some consumers have concerning the safety of online shopping, or regarding the quality of the products they ordered (their expectations may not be in accordance to reality) and difficult return policies they might experience. Some respondents (13%) stated that they test branded products in traditional shops and later purchase them online; this may

suggest that they might want to navigate the Internet for a better price offer for a certain product(promotions, sales,etc.).

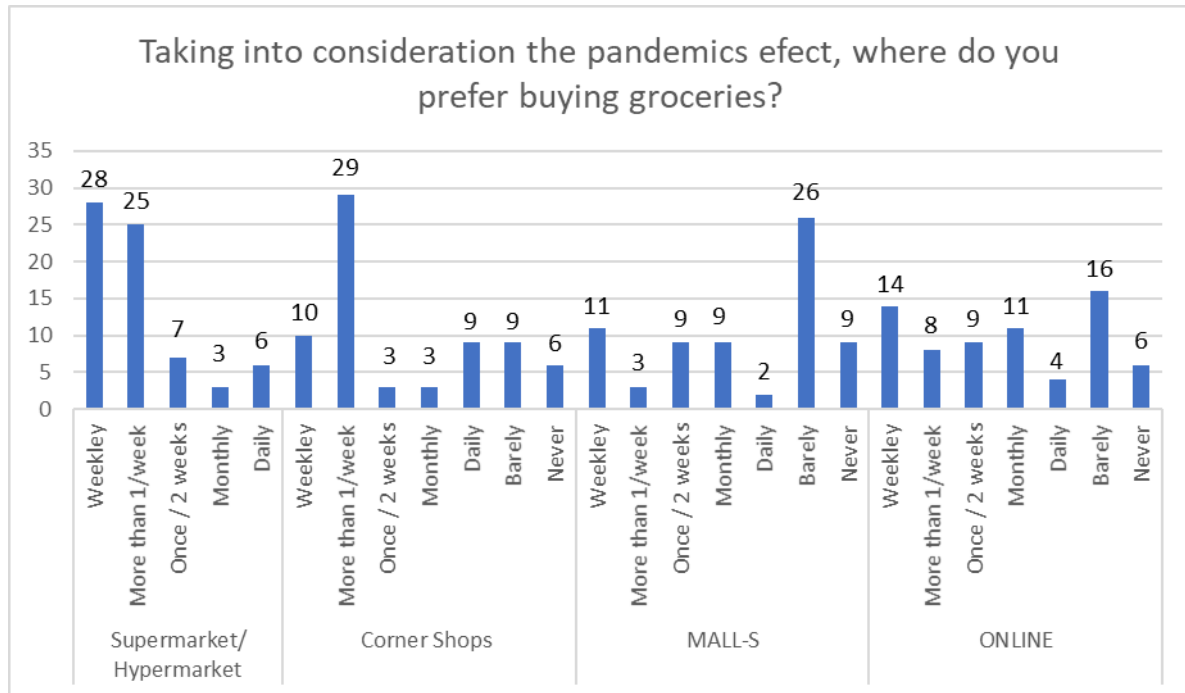


Figure 6-Consumers` buying frequency from different locations

In our study, we aimed to identify consumers' perceptions of brands, to see to what extent purchasing decisions can be influenced by the brand status of a product. The responses provided by the people interviewed reflect a higher trust of branded products rather than ordinary ones, according to 61% of the respondents agreeing with this statement. Also, consumers perceive brands to have a higher quality than non-branded products (according to 58% of the respondents) and reflect a positive image, as well (according to 78% of the consumers who responded affirmatively to this statement). However, some respondents (64%) tend to believe that brands are more expensive as a result of intense marketing activities.



Figure 7-Consumers` perceptions regarding brands



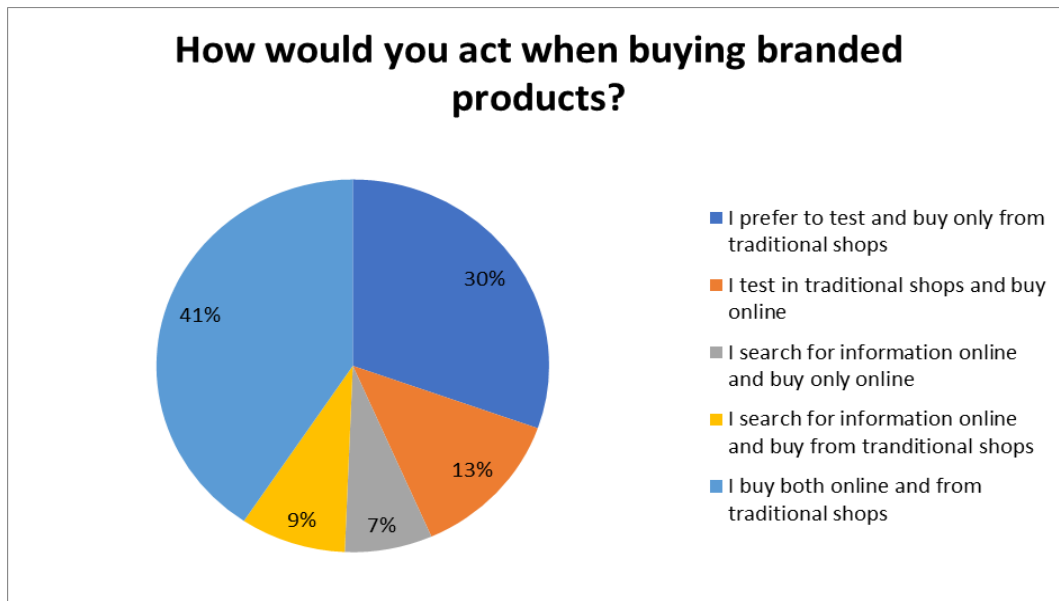


Figure 8-Consumers` purchasing habits regarding brands

As far as willingness to pay is concerned, a majority of the respondents would not be willing to pay premium prices for branded products, 64% of the respondents stating that they would pay no more than 10% extra price for a branded product in favor of a non-branded product; 27% would be willing to pay a higher price (between 10%-30% more) for a branded product, 6% would allocate an extra 30%-50% and only 3% would be willing to pay double or more.

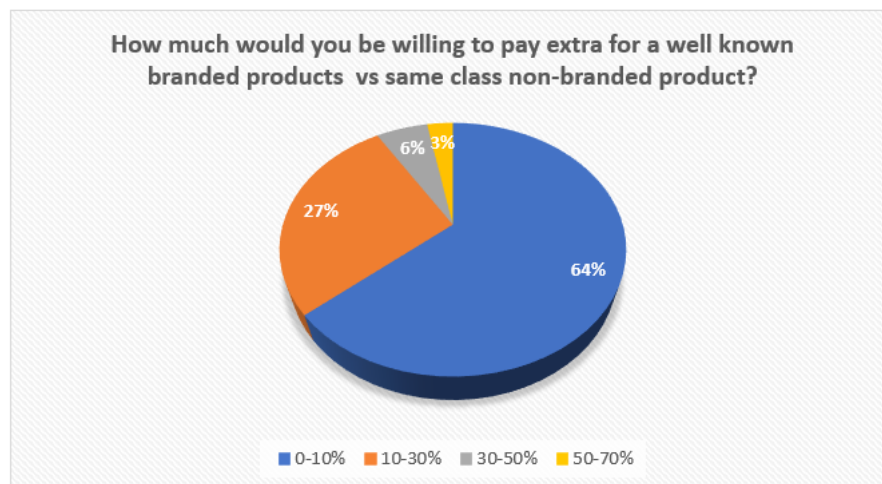


Figure 9-Consumers` willingness to pay for branded products

Being closely correlated with the income factor, price is often a decisive variable in consumers' purchasing decision-making process. Therefore, consumers were asked to what extent they would opt for a branded product or for a regular product, considered to have similar qualities, depending on the price. According to the results, the biggest percentage of respondents (31%) would opt for a branded-product which is 10% more expensive than an ordinary, non-branded product and 13% would pay 25% more for a branded product. Very few respondents would pay the same price or even a 10% smaller price for a non-branded product, rather than a branded product (7%), indicating that brands signal a certain perception of quality in consumers' minds regarding their products, also suggesting that brand status is important to consumers. On the other hand, the next biggest response rate was recorded

among respondents who stated that they would rather buy a non-branded product which is 50% less expensive than the branded one (28% of the respondents), which means that the price of a product will influence purchase decision. This result may be explained due to the fact that a vast number of respondents belong to the minimum salary category, therefore, their purchase decisions are restrained due to financial reasons. Also, given the fact that we are facing an unstable economic situation due to the pandemic, it is expected that people will be more thoughtful in terms of spending their earnings.

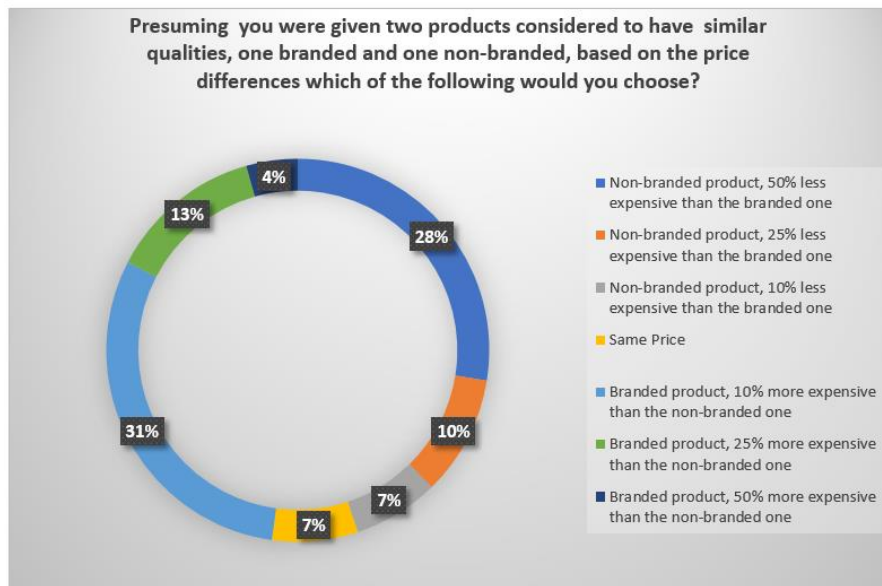


Figure 10-Importance of the price factor in consumers` purchasing decisions

The importance of price in the decision making process regarding branded products is also reflected in the figure below (Figure 10). A majority of respondents (a number of 56, meaning 81%) agreed to the statement according to which the price of a certain product (especially in the case of brands) weights most in the decision making process, and 62% wouldn't buy a branded product if there are cheaper high quality alternatives. However, when asked if they would pay a higher price for a branded product rather than a non-branded one, 51% of the respondents stated that they would pay a higher price for a branded product. Taking into consideration the vast offer choice provided by new technologies and their implicit advantages, we expected that most people would agree that there few differences between well known brands and ordinary products that posses similar qualities, but the results we obtained among our study indicate the opposite: 65% of the respondents do not think that brands don't differentiate themselves from ordinary products, even if technology provides us with the necessary tools to evaluate multiple, cheaper alternatives, highlighting onced more that perceived quality of brands is strong in consumers` minds.



Figure 11-Decision making process on branded products

## 7. Research limitations

The research was limited by the relatively low number of respondents, as well as due to the fact that the questionnaire was launched strictly on a national level, which influences the research results, due to the particularities of consumers' behavior in our country, cultural aspects, perceptions and ideologies specific to the population. The sample's representativity was reduced due to the fact that the predominant number of respondents were in the category of young people (mostly female) and low-income earners. The interpretation of the research results may be subjective taking into consideration that the questionnaire was launched online, and respondents were not able to provide additional arguments or clarifications regarding the answers to the questions in the questionnaire.

## 8. Conclusions

This study examined the change of consumers' purchasing habits of brands in the context of the COVID-19 pandemic. Findings indicate that although consumers' beliefs regarding the qualitative aspects of branded products are positive (perceived quality is higher in consumers' mind when it comes to brands, their level of trust is increased by brand status) and a majority of the respondents will manifest a tendency to buy brands rather than ordinary products due to their attributed advantages, there are certain variables that can influence the final purchasing decision such as price and income, which can be decisive in the buying process.

Regarding purchasing habits, the results display a certain amount of change in the frequency with which consumers make their purchases from physical stores and online shops, which we believe is a result of the restrictions and regulations imposed due to the pandemic, buyers now are getting more and more accustomed to minimize their shopping sprees and choosing to make their purchases from less crowded shops rather than supermarkets or malls, to protect themselves from virus infection.

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