



Analysis of the Purchasing Decision Process Under the Impact of the Pandemic Crisis

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ABSTRACT

The adaptation of the consumer to crisis situations implies, first of all, the mobilization of human, social and material resources in order to overcome the negative effects produced by them, regardless of their duration or scope. These situations generate a series of attitudinal and behavioral changes with implications on the entire economic and social life. Consumer behavior, the component of people's economic behavior is determined by interactions, being a function given by socio-cultural factors and personality traits.

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1. Introduction

Any change entails the need to adapt. The change can be determined by the economic-social development, by the increase of the consumers' exigencies, by the new conquests of the technical-scientific progress, by the diversification of the communications, by the increase of the digitalization degree, by the economic and sanitary crises.

Currently, consumers react differently to the socio-economic context, change their consumption and purchasing behavior under the impact of a variety of factors to better meet their needs and to adapt to market conditions in general.

Crisis situations, whether economic or health, change the way consumers make purchasing and consumption decisions, change the consumer's profile from the perspective of adapting to certain situational contexts that limit their choice and consumption options. The onset of the pandemic did not automatically lead to major changes in consumer behavior, so the impact of this health crisis on consumer behavior was small. Gradually, with the adoption of safety and social security measures, some consumer behaviors were canceled and others limited.

The criteria for choosing goods and services have changed in response to the pandemic crisis, mainly due to increased economic uncertainty and reduced incomes, changes that have had an impact on reducing different categories of spending - clothing, footwear, recreation and culture, restaurant, while spending on food, care, cleaning and protection has increased significantly.

Once the buying and consuming behavior has undergone changes since the beginning of the pandemic and until now, the question is what behavioral changes will persist and whether the effects will be lasting [1]. In such a socio-economic context, permanently full of challenges, the aspects related to quantity, quality and price will be constant landmarks in the choices of Romanian consumers.

2. Changes in buying and consuming behavior

The global pandemic crisis has put the entire population to experience a unique situational context, at the level of which, adaptation is the solution both in the short term and in the long term.

The study "The impact of the COVID-19 pandemic on food consumption", conducted by Starcom Romania highlighted the following consumption trends [2]:

- increase in the consumption of healthy foods: 38% consumed more fresh vegetables, 37% fresh fruits, 29% for dairy products, and 82% gave up carbonated products compared to previous years;
- orientation towards products packaged for hygiene reasons - 93%;
- the purchase of non-perishable products or with longer expiration dates - 84%, in larger quantities - 74% in order to avoid crowded spaces;

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- 90% of the respondents turned to products from special offers due to the price;
- basic criteria in choosing the goods: price - 69%; quality - 68%; freshness - 56%; previous experiences - 39% and ingredients used - 37%.
- cooking has become a hobby for those in urban areas - 88% of respondents tried new recipes, 86% new dishes and 82% opted for desserts at home;
- people from the urban environment, for precautionary reasons ate in the family - 87%, in front of the TV - 67%, and in front of the computer - 57%.

According to the study conducted by Foodwise Marketing from the Hello communication group, the consumption habits of the population were deeply influenced by the global pandemic context. Thus, the following aspects were found [3]:

- a great openness of Romanians for home cooking - 80% of consumers cooked at home, while 61% used delivery services;
- avoiding products with additives and artificial preservatives: 35% chose Romanian products, 22% products of local proximity and 43% those whose purchase decision was not influenced by these factors;
- 31% opted for their own branded products in stores, 28% bought popular brands, and 8% chose premium products;
- increased consumption of healthy foods - 25% chose a balanced menu, while for another 25% consumption remained compulsive, careless, for 14% chose to consume products with low levels of industrial processing;
- orientation towards delivery services - over 50% of Romanians chose this option of purchase with a weekly frequency, and only 8% for a more frequent delivery, 2-3 times a week;
- the preferred sales space remained the supermarket for 70% of the options, followed by 57% for hypermarkets and 42% preference for neighborhood stores.

Cultural consumption in the pandemic is presented in the study "Trends of cultural consumption in the pandemic" and reveals the desire and acute need of respondents in carrying out cultural activities throughout the year. This study focused on identifying non-public cultural consumption practices during the pandemic period. The conclusions of this study can be summarized as follows [4]:

- in terms of theater consumption, in 2019, 27% of respondents stated that they went to the theater, and in 2020 only 22% of respondents intended to go to the theater indoors and 43% intended to participate in theater performances. this type outdoors;
- regarding the consumption of cinema in public space, in 2019, 34% of respondents stated that they went to the cinema, and in 2020 only 22% of respondents intended to go to the cinema indoors and 40% intended to participate in screenings Outdoor;
- an increase in the percentage of those who stated that in 2020 they read more books and listened to more music. If in 2019, 22% of respondents said they read books, in 2020, 35% of respondents mentioned this;
- in 2020, 88% of respondents listened to music (on different devices) compared to 74% in 2019;
- special attention was paid to the consumption of radio-TV programs compared to the period before the onset of the pandemic. Respondents mentioned that in 2020 they watched more feature films and TV series (79%) compared to 2019 (76%), more animated films (40% compared to 31% in 2019), entertainment shows (76% compared to 69% in 2019) and children's shows (38% compared to 25% in 2019).

The pandemic increased the need of Romanians for digital services, according to the survey "Digital Sentiment in Romania" published by McKinsey & Company. Two thirds of Romanian consumers used at least one digital service during the quarantine COVID-19, an increase of 10 percent over the period previous, according to the survey. The results show that, during the quarantine COVID-19, the number of digitally accessed services doubled [5].

If, in general, the average Romanian consumer already digitally accesses one or two different services, during the quarantine, users used online, on average, three or four different services. Regarding the types of digital services used by Romanian consumers, banking and telecommunications are the most used; 38% of Romanians stated that they used at least one digital service in these two sectors during the COVID-19 quarantine, and 19% of consumers started using them from this quarantine period.

The pandemic was an accelerating factor and for home delivery services they developed in the context of the huge expansion of online commerce due to the social restrictions generated by the coronavirus pandemic. Restriction of free movement and quasi-generalization of work at home have increased interest in construction projects or interior design, leading, implicitly, to the multiplication of orders in the segments of DIY, building materials, appliances and furniture.

The turnover of the postal and courier services market in Romania increased by 12% compared to 2018 and exceeded by 112% the level recorded in 2010, reaching 5.3 billion RON in 2019, according to the latest

Keys Fin analysis Moreover, Keys Fin analysts maintain the estimate from May last year that the growth rate will at least double, and the turnover of companies offering postal and courier services to exceed the threshold of 6.6 billion RON in 2020, due to increased online demand generated by the Coronavirus pandemic.

An atypical evolution generated by the pandemic has registered the consumption of generic drugs, which has increased significantly, while the treatments for chronic diseases have decreased dramatically. The pandemic also had a significant impact on private health care providers, which were and remain attractive to the population, primarily due to restrictions on the access of the vast majority of the population to public health services and the transformation of hospitals into Covid support.

The pandemic also acted as a catalyst on the real estate market, registering significant increases in turnover - real estate investments totaling 408 million euros in Romania, by about 18% above the level in the first half of 2019, transactions in the office segment representing almost 86% of the volume, according to the market report of Colliers International for the first half of 2020.

As for the Romanian consumer, he was motivated by the desire to optimize their living and working space for a significant part of salary population, simultaneously with the increase of the exigencies related to the comfort of the dwelling.

The study conducted during this pandemic period by the EY - Future Consumer Index, conducted in our country, led to the identification of four new categories of consumers [6]:

- ✚ "drastically reduce costs" - 27%, the population segment of + 45 years, professionally affected, respectively, those who spend less on all categories of products;
- ✚ "keep calm and spend" - 26.2%, those who have not changed their consumption habits;
- ✚ "save and make stocks" - 35.1%, pessimists;
- ✚ "hibernate and spend" - 11.4%, segment of the population between 18-44 years, concerned about the effects of the pandemic and respectively, those who spend the most, regardless of the category of goods and services.

Specialists believe that among these four new categories of consumers there will be segments of the population that will migrate to other segments, for reasons of prudence and moderation in the allocation and spending of income. In this context, the study states that after this pandemic crisis, new consumer segments could appear, such as:

- ✚ "continues to reduce" - 13.1%;
- ✚ "keep moderation" - 21.7%;
- ✚ "return to normal" - 31.4%;
- ✚ "extravagant prudent" - 24.7%;
- ✚ "spectacular return" - 9.1%.

3. Trends that affect consumer behavior

The pandemic crisis has a global and lasting impact on consumer needs, preferences and behaviors, according to a new KPMG study, "Adapting to consumer developments in the new reality."

The COVID-19 pandemic has affected consumers in different ways, but there are some important patterns - consumers are staying and working from home more, prioritizing savings and doing business in a digital environment to an increasing extent [7].

The study analyzed consumer trends between May and September 2020 in five sectors of the economy: consumer goods and retail (food and non-food), banking, insurance, entertainment and leisure, travel and tourism. The study indicates that consumer confidence in brands is lower than in the pre-COVID-19 period. The insurance sector was the only one with a net increase in confidence between May and September, while the tourism sector and entertainment and leisure services recorded the largest erosion of brand confidence. All sectors saw a minor increase in September in terms of brand confidence, with the exception of the banking sector, which maintained its position.

The KPMG study identified, as of May 2020, four key trends affecting consumers and changing consumption habits. The participants in the study estimate that these changes will be seen even after, more at the level of 2021. The four trends refer to: economic impact, erosion of confidence, digital growth and the home as a new center of activity. These trends highlight the pressure felt by consumers, the perception of brands and changing behaviors in the new reality:

- ✚ 43% are worried about their own financial security in 2021;
- ✚ 36% of consumers prioritize savings over spending;
- ✚ 37% work from home, and 60% estimate that telework will continue in the future;
- ✚ 20% want to work from home as much as possible;
- ✚ confidence in public transport decreased by 37% compared to the pre-COVID-19 period;
- ✚ net expenditures could decrease by 21% in the next 6-12 months compared to the pre-COVID-19 period;
- ✚ 45% of respondents estimate that the main connection with brands will be through digital channels;



“value for money” is the main procurement criterion for 63% of respondents.

The pandemic crisis also affected nominal incomes, a change that influenced both the level of consumption expenditures and their structure.

Table 1. The level of the average total monthly income per capital by residence

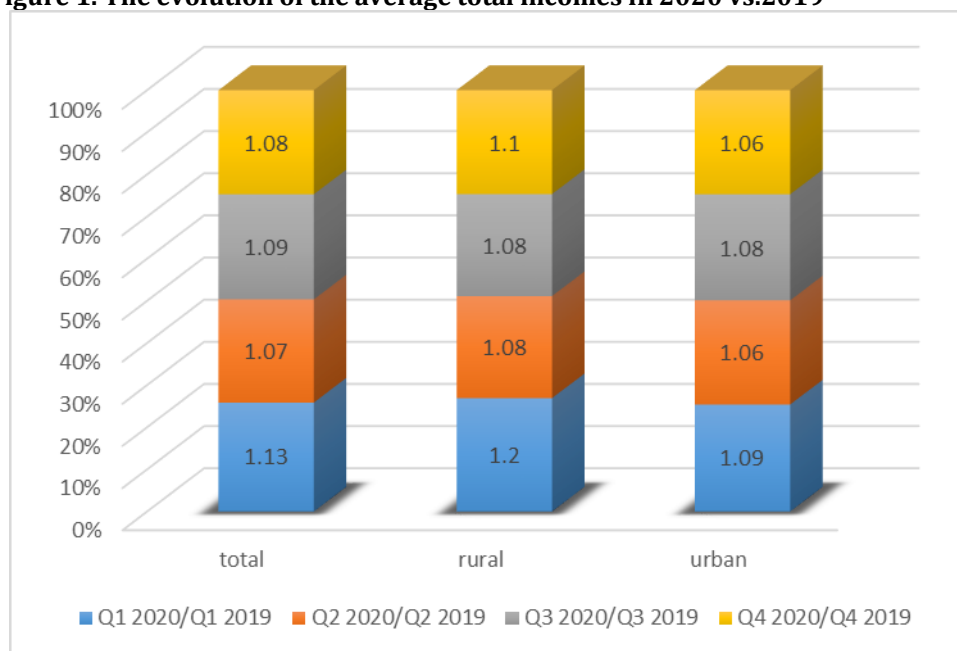
Quarter	Total		Urban		Rural	
	2019	2020	2019	2020	2019	2020
Q 1	1.752,27	1.989,05	2.144,38	2.356,55	1.295,64	1.560,52
Q 2	1.838,11	1.972,66	2.211,22	2.363,15	1.403,62	1.517,31
Q 3	1.889,26	2.067,51	2.309,94	2.508,89	1.398,30	1.517,56
Q 4	1.938,73	2.099,47	2.323,53	2.483,25	1.489,63	1.650,87

Source: www.insse.ro

The average total monthly income per household from Q1 2019 to Q4 2019 increased by 10.06%, and in the same period of 2020 (Q1-Q4 2020) increased by 5.17%. From Q1 2019 to Q4 2020, revenues increased on average by 18.53%.

The total average monthly incomes by residence averages had a positive evolution, but with a decreasing increase, if we refer to each quarter from 2019-2020.

Figure 1. The evolution of the average total incomes in 2020 vs.2019



Source: www.insse.ro

A major trend among Romanian consumers has been the reduction of budgets for non-essential expenditures, which can become a permanent trend. Also, a quarter of consumers believe that they will not fully return to the consumption habits of previous years. This decrease in spending budgets for non-essential needs will affect the tourism sector, sports / outdoor activities, and care spending. personal.

Table 2. The level and structure of total expenditures in Q4 2019 -Q4 2020

	Total		Urban		Rural	
	T 4 2019	T 4 2020	T 4 2019	T 4 2020	T 4 2019	T 4 2020
Average total monthly expenses per capita (lei)	1.667,48	1.804,43	1.968,05	2.124,46	1.316,69	1.430,31
Consumption expenses %	56,6	55,8	56,6	56,5	56,7	54,7

	Total		Urban		Rural	
	T 4 2019	T 4 2020	T 4 2019	T 4 2020	T 4 2019	T 4 2020
Food and beverages %	16,9	17,2	17,0	17,4	16,8	16,8
Non-food goods %	25,2	25,3	23,8	24,4	27,7	27,0
Services %	14,5	13,3	15,8	14,7	12,2	10,9
Taxes and fees %	32,6	32,6	36,5	36,5	25,9	25,9

Sursa: www.insse.ro

Total expenditures from Q1 2019 to Q4 2019 increased by 12.15%, and in the same period of 2020 (Q1-Q4 2020) increased by 8.38%. From Q1 2019 to Q4 2020, the average total monthly expenses per household increased on average by 20.68%.

The average total monthly savings per household from Q1 2019 to Q4 2019 decreased by 2%, and in the same period of 2020 (Q1-Q4 2020) decreased by 10%. From Q 1 2019 to Q 4 2020, savings increased on average by 8.38%. The savings made by Romanians in 2020 resulted mainly from the decrease in spending on restricted activities in the context of the health crisis: travel, recreation, restaurants, but also clothing or transportation (a consequence of teleworking). On the other hand, the pandemic also led to an increase in the share of spending on food, alcohol and tobacco, furniture, health and IT&C equipment.

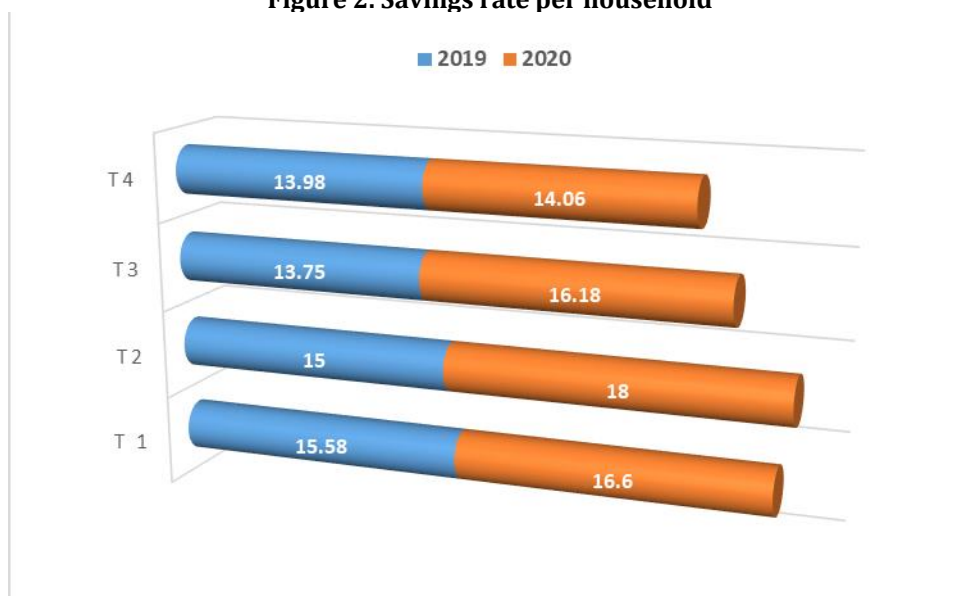
The pandemic crisis has significantly changed the consumption habits, but also the saving habits of Romanians, according to the INS data analyzed by cursdeguvernare.ro.

The saving rate increased significantly in 2020, the average of the first nine months being 16.9%, compared to 14.8% in the same period in 2019. After reaching the level of 18% in the second quarter, in autumn it stabilized at 16.2%, slightly below the euro area average of 17.3% over the same period.

Although the distance between the average saving rate in western EU countries and the local level began to fade even in 2019, the much more limited ability of Romanians to save was strongly highlighted by the second quarter of 2020. Then, the average savings of citizens in developed European countries reached almost 25%, by 6.6 percentage points above the average of Romanian economies.

The difference fell to 1.1 percentage points in the third quarter with the return of European consumption.

Figure 2. Savings rate per household



Surce: www.insse.ro

As a share of total consumer spending, categories such as clothing and footwear, transport, sports and culture recreation and hotels, cafes and restaurants declined during the first nine months of 2020.

On the other hand, food expenditure registered the largest increase, with a peak of 37.7% in the share of consumer spending in the second quarter of last year.

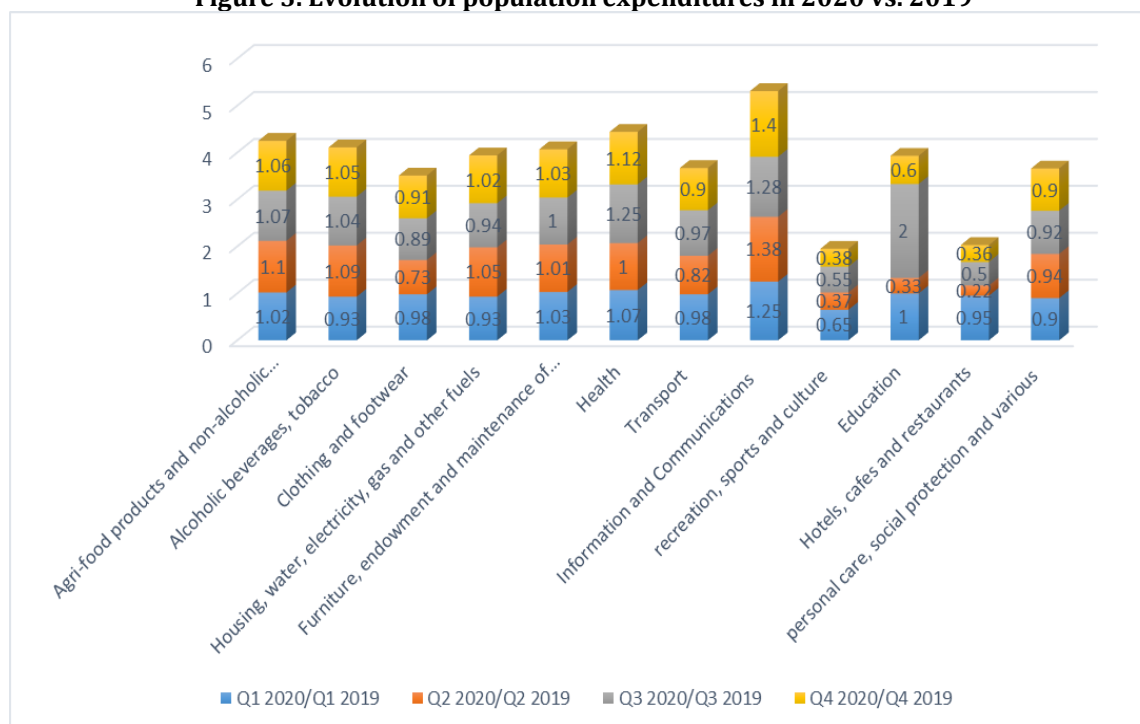
Table 3. Level and structure of total consumption expenditures in the period 2019-2020

	2019 %				2020 %			
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
Agri-food products and non-alcoholic beverages	33.2	34,2	31,3	31,6	34.1	37,7	33,5	33,7
Alcoholic beverages, tobacco	8.1	8,4	8,2	7,9	7.6	9,2	8,6	8,3
Clothing and footwear	6.8	8,0	8,3	9,3	6.7	5,9	7,4	8,5
Housing, water, electricity, gas and other fuels	18.6	14,4	15,4	16,0	17.4	15,2	14,6	16,4
Furniture, endowment and maintenance of the home	5.6	6,2	6,0	6,4	5.8	6,3	6,4	6,6
Health	5.2	5,1	4,8	4,9	5.6	5,1	6,0	5,5
Transport	6.9	7,4	6,9	7,3	6.8	6,1	6,7	6,6
Communications/Information and Communications in 2020	4.7	4,9	4,6	4,5	5.9	6,8	5,9	6,3
Recreation and culture /recreation, sports and culture in 2020	2.9	3,2	6,8	3,9	1.9	1,2	3,8	1,5
Education	0.5	0,6	0,1	0,5	0.5	0,2	0,2	0,3
Hotels, cafes and restaurants	2.1	2,2	2,0	2,2	2.0	0,5	1,0	0,8
Various products and services/ Personal care, social protection and miscellaneous in 2020	5.4	5,4	5,6	5,5	4,9	5,1	5,2	5,0
Insurance and financial services					0.8	0,7	0,7	0,5

Source: www.insse.ro

Important shares, of 5.9% in Q3 2020 compared to 4.7% at the beginning of 2019, also had the expenses for information and telecommunications. The structure of other types of expenditures, such as those for investments, does not seem to have been significantly affected by the pandemic, the decreases being marginal compared to 2019. As a percentage, it was at the level of the third quarter of last year at 0.7% of the expenses of a household, the equivalent of 32.7 lei per month.

Figure 3. Evolution of population expenditures in 2020 vs. 2019



Source: www.insse.ro

Significant increases in terms of consumption expenditures in the period 2019-2020 were recorded by food consumption, consumption of alcoholic beverages and tobacco, expenditures for home comfort, expenditures allocated to health and the Information and Telecommunications sector. At the opposite pole are the expenditures allocated to non-food consumption, those intended for culture, sports, cafes and restaurants, while the expenditures allocated to transport and those for personal care and social protection remained at the same parameters.

The pandemic caused considerable changes in terms of procurement criteria, with quality becoming the main factor, with the largest increase in importance during the pandemic, of 66%, followed by price.

All segments of purchasing were and still are interested and concerned about the behavior adopted by companies during the COVID-19 crisis (safety measures in stores, disinfection of marketed products, etc.), as well as their overall business strategy. Consumers are more attracted to companies that invest and donate resources to public health infrastructure and also prioritize the care and protection offered to their employees.

These changes are expected to be long-lasting, being directly influenced by the restrictions and the evolution of COVID-19, but also its economic impact.

4. Conclusions

Consumer behavior is a complex phenomenon, resulting from interactions, attitudes, motivations, socio-emotional and personality aspects that permanently shape his actions and the buying process. The pandemic crisis has profoundly altered the population's purchasing and consumption habits regarding goods and services, while social experiences have translated decision-making options into criteria such as quality, price and security.

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