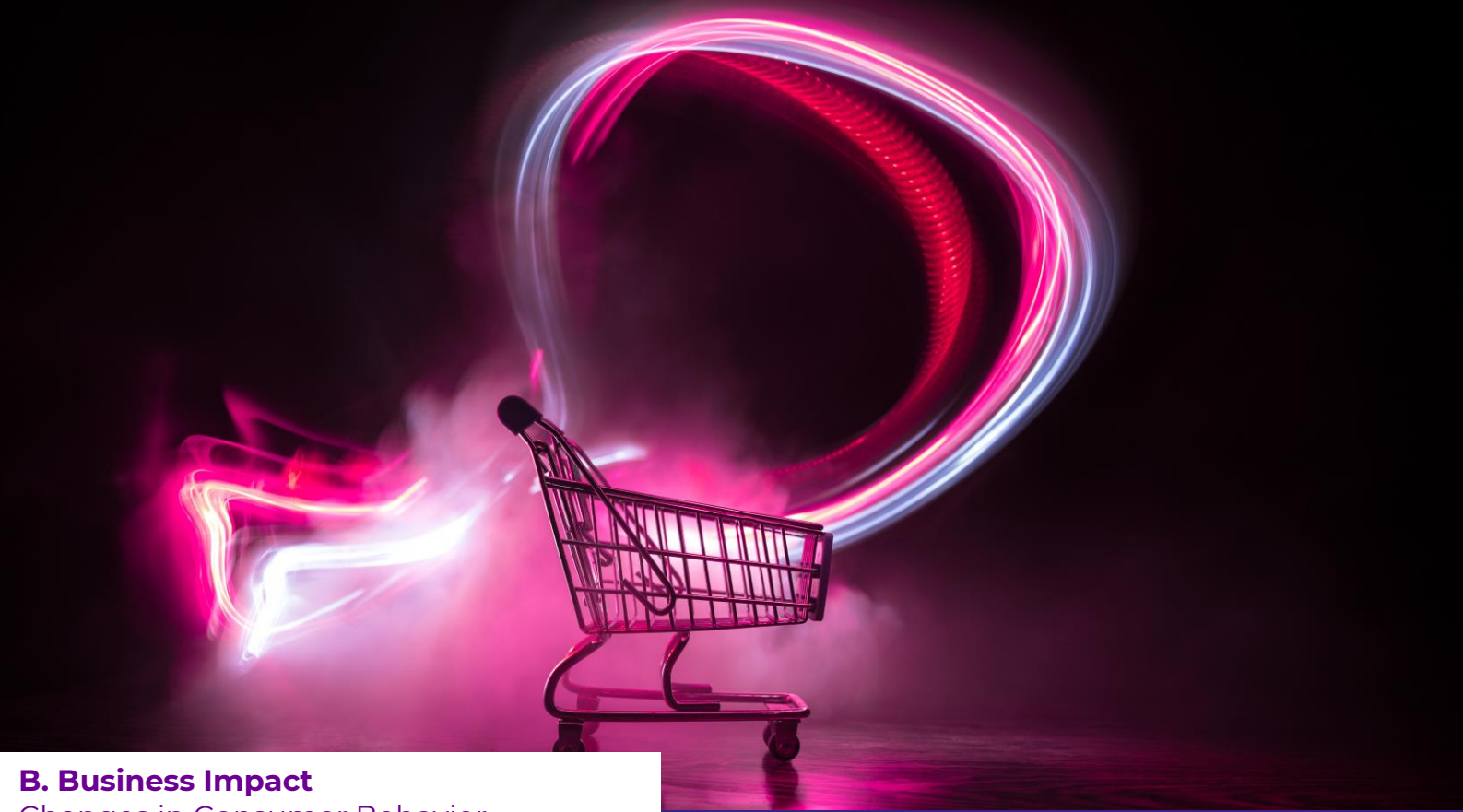




B. Business Impact

Changes in Consumer Behavior

What behavioural science can tell us about human behaviour in the wake of pandemic?

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Abstract

In the last few weeks, the world has witnessed irrational and extreme behaviours - from stockpiling toilet paper to failing to abide by life-saving lockdown measures. Those behaviours can appear puzzling but are rooted in deeper inner psychological mechanisms. From a psychological point of view, those behaviours can be explained by three main dimensions. Social first, as the current context shows how much of an individual's behaviour is dependent on its social environment, cultural norms, or group behaviours. This is made apparent in the way different countries have tried to address the pandemic. Cognitive, second, as irrational behaviours often have roots in cognitive biases, for instance a short-term bias, which makes use less likely to behave in a way that is supportive of long-term societal interests. Evolutionary, third, as some of the behaviours and information processing strategies we have inherited from our hunter-gatherer ancestors make use more susceptible to spread unhelpful rumours and other potentially unreliable information. This paper offers theory-driven explanations to some of the commonly observed behaviours of the last 2 months.

Keywords: Behavioural science, Consumer psychology, Decision making.

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Panic behaviour: how did we end up with toilet-paper shortage?

Many of us have seen images or even experienced first-hand empty shelves in supermarket. Several reasons can explain why individuals would flock supermarkets and overstock. In previous research conducted with colleague Alain Samson, we showed that most buying behaviour models rely on the assumption that people buy in a standard context, and that consumers have planned their purchases (Samson & Voyer, 2014). But in many contexts, including the current pandemic context, we are facing what we called an emergency purchasing situation, which has several consequences in terms of buying behaviour. First, stressful situations like a world pandemic can trigger a shift in individual regulatory focus, making individuals switch from a promotion focus to a prevention focus. In other words, in a pandemic, we focus primarily on what could go wrong and try to prevent this from happening. This forms part of a series of fight or flight reactions, which we inherited from our hunter-gatherer ancestors. Our behaviours are also guided by perceived social norms around us. As we see images of others stockpiling in supermarkets, we can become convinced that this is the norm, and start mimicking stockpiling behaviours. This eventually leads to a self-fulfilling prophecy. Those events end up triggering social avoidance behaviours, but also, in terms of consumption stockpiling, change of product categories bought (typically, comfort food would be on the rise, as would health and safety product categories). In addition to this, one could add that a rise in anxiety levels and stress is also likely to affect buying behaviours. However, the effect of stress and anxiety varies from one individual to another, with some individuals ending up buying more / comforting themselves with consumption, while others buy less or stock. Whereas normally only a small proportion of the population over-stocks, the pandemic has caused a larger proportion to stockpile and, as stocks are based on past shopping behaviours, supermarkets found themselves overwhelmed.

What can be done to address the issue? The best thing is to give people feedback for them to incorporate in their decision making (Samson & Voyer, 2012). Ocado – an online supermarket in the UK - has used online banners in order to give feedback that it had enough stock if people kept on shopping normally. Anytime panic shopping happens, stockpiling happens at the beginning, and quickly stops as people see shelves being replenished. As we see food and items available, we stop stockpiling because we see no more need to do so and we go back to what we bought and start 'emptying' our own stock. In some cases, governments or store can impose restrictions, which can be useful in the short run to lessen the panic buy. But what eventually stops panic buying is simply people realising that there is no shortage, thus incorporating this feedback into their behaviour.

How will we buy when things go back to 'normal'?

The first thing to say is that one should avoid jumping to hasty conclusions. In theory, one could argue that individuals will have discovered the wonders of ordering things from the comfort of their living rooms and will not ever want to go back to the before. But the reality is likely to be far more complicated than that. First, consumers may be put off by negative experiences: items missing, products arriving late if at all... We know that first experiences matter – start-ups often rush to refund or offer discounts to their new customers in the fear

that one bad experience could lead to non-recurrent business and negative word of mouth. So not every new online customer will be a happy one, let alone a returning and regular one. Then, the 'going back to normal' stage will also play a role and affect behaviours. For some, perhaps following government encouragements, it will be about 'saving small and independent shops. This means that we may see a temporary rush towards in-store buying behaviours. But of course, it depends on how the safety and health guidelines play off. The result is that there could be no real winners. Last but not least, some behaviours could become associated with a 'lockdown phobia'. If you have only been a customer of a certain product or service since the start of the pandemic, you are likely to associate that precise behaviour with the pandemic – something that will probably elicit negative memories. In addition, this behaviour may have come with stress, uncertainty, and other things you may want to avoid in the future.

Towards a cashless society?

One could also wonder whether the covid19 crisis could lead to a cashless society, as some have pointed towards a potential role of cash in spreading the disease. The divide in consumers' use of cash is already generational – with older people relying more on cash than younger people. The fact that vulnerable people are asked to keep sheltering while younger ones join back the working force could mean that shops accelerate the transition as they find consumers readily accepting this and being able to use dematerialised payment. In addition, vulnerable people may find it is perhaps better for them to adopt a different form of payment to be and feel safer. Whether the pandemic affects the use of cash in the long run largely relies on the perceived cost vs benefits of using cash vs dematerialised forms of payment. It will also depend on whether there is confirmed scientific evidence of the role of cash payment in the pandemic spread. If bank notes and coins are found to play a minor or no role, once more research becomes available, this could mean people revert back to older habits. Observing what happens in Western countries where cash is still heavily use (e.g. Austria, Germany, Switzerland) will be interesting. It does not necessarily mean the end of cash though. Even in countries like Sweden, which have had ambitious plans to go cashless, those plans have been scaled back as these were found to exclude part of the population, which relies on cash for various reasons from not having a bank account to strong personal preferences and opposition to lack of anonymity provided by contactless payments and cards.

Witnessing changing habits – for good?

People's habits have changed during the lockdown. And to a certain point, one could wonder if these newly formed habits will carry on once lockdowns are lifted and life comes back to a 'new normal'. For a habit to be carried on, it needs to 'pass' 2 tests. First, it needs to bring some benefits. Second, the constraints of keeping up with the habit need to be low. What we have seen with Covid-19 is that people have been forced to adopt new habits. Many people never get into forming new habits in the first place because the incentives are never strong enough to do so – see how poorly new year's resolutions usually fare. So what is likely to stay is anything that has been seen as valuable and does not require much to maintain. Some may have discovered working from home and may want to stick to it after lockdown. For others, it's about establishing a routine of video calls with friends. Else, getting everything delivered. Changes are likely to be much more individual than society-wide – we will all have discovered things we like and dislike. What goes against our social nature, should, however, slowly vanish in the long run. So as much as social distancing behaviours will be observed until necessary to do so, we should not expect 2-feet-spaced queues to be the norm for longer

than mandated. The same goes for virtual everything. Unless those proved beneficial in some ways and some contexts in the future, they are unlikely to stay around. At the same time, governments may be using 'nudges' to try to foster longer-term changes that they deem desirable (Voyer, 2015, 2018).

The lockdown has had a disproportionate impact on different groups in society, for example the elderly and will have weighted more on people that self-categorise as vulnerable. These may feel higher levels of stress and anxiety and shift even further into prevention focus. The main unknown at the moment is how likely and how quickly behaviours will go back to normal. It will largely depend on the length of social distancing and 'new normal' measures. We do know that adherence to constraints wear off over time, so the coming months will be interesting to watch, to see if masks on the tube really becomes a thing or a month-long fad.

Altogether, behavioural science can provide valuable insights into the behaviours we have witnessed during the lockdown and may witness in the future. But predicting what exactly will happen in the coming months is not easy, as the models and theories we work with are often based on laboratory studies rather than real-life ones. The first thing that was expected was for people to try and recreate something that looks like 'normal' life. And we have seen virtual 'everything' emerging, from dinners, dates, clubbing, or else. But a next step is to rethink how we do things in the first place, facing those constraints. If you take the example of teaching – children or adults – this means going from doing the same activities in an online version, to rethinking how to interact with the audience in different ways. The main difficulty for most is forming routines that can help going through the days. Having a routine makes us go into a sort of 'auto-pilot' mode that means everything goes by quickly (we say that time flies because we go from one thing to another all the time, and often at set times in our days). And last thing, adherence to behaviours and habits decrease over time. New and creative ways to remind people of important measures such as social distancing will be important as measures in place are observed.

The social costs and opportunities of social distancing

The lack of social interactions also comes at a cost. For children, playing with others is an important part of developing and growing up. But a few months of lesser social interactions are unlikely to affect the psychological development of social skills in the long run. Humans are very social by nature. The ways we find to replace these do have merits, but people are discovering how tiring virtual communication can be. With face to face communication, we can sense and communicate in a much more subtle way. With online interaction, we need to compensate for the lack of cues that we usually use to signal we are engaged, happy, etc. This makes it more tiring.

There could be some positive too. If anything, it will make people realise how valuable social interactions are. Cultural changes may also be witnessed in the Western world, where people may realise the value of a collectivist mindset, as opposed to a purely individualist mindset. That is, in collectivist cultures, the default is to take care of others because you expect others to take care of you. In individualistic cultures, everyone is expected to take care of themselves, which can lead to difficulties in times like a pandemic where we, as a society, are relying on everyone changing their behaviours in order for things to get better. Contexts such as a lockdown can probably lead to temporary shifts in interdependent self-construal, that is the extent to which people see their self as connected to others. People are likely to develop these as they are forced to take the perspective of others and understand their difficulties - see parents realising that teaching children is much more challenging than it may look like. Eventually though, things will probably revert back to close to what they were. We would

need profound structural changes in how society operates to see shift in values of individualism in the West.

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