



A Literature Review on The Impact of COVID-19 Pandemic on Consumer Buying Behavior towards Private Labels

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Abstract

During the COVID-19 crises, consumers and the retail industry have continuously been affected by several challenges, such as increased consumer demand, disrupted supply chains, and the stockpiling of food supplies due to the fear associated with the pandemic. A better understanding of consumer buying behavior, perceptions, and preference for brands is vital for the retail industry and policymakers to efficiently meet the dynamic and growing complexity of consumer demand. The present paper is intended to contribute to the impact of COVID-19 pandemic on consumer buying behavior. To assess whether COVID-19 pandemic had an impact on buying behavior toward brand type and to establish if there was a shift in the type of brands consumers were buying during the COVID-19 pandemic. It is aimed to explore and synthesize evidence from the literature about the impact of COVID-19 pandemic on consumer buying behavior toward private labels, also known as in-house brands. The literature was reviewed by searching for past studies that were published during the years 2020 and 2022. In conducting the search for the articles, the main search terms were namely "consumer buying behavior," "impact of COVID-19," and "private label," which showed to have other synonym terms such as "private brand," "store brand," "in-house brand," and "own label." Various literature shows that consumer behavior has been affected by the COVID-19 pandemic. Consumer buying behavior during the year under review has changed, wherein it shows it has been affected by various factors, among them cultural, personal, and psychological, which as marketers and researchers need to be taken into context. In order to understand consumer buying behavior, there is a need to consider context and several influencing factors, including psychological, sociological, and economic factors.

Keywords: *Pandemic; Impact of COVID-19; Consumer Buying Behaviour; Private Labels*

Introduction

In any economy and in the world, retail trade plays an essential role, with consumers being an important stakeholder. Various studies have been conducted in the retail sector. With the various literature on consumer preferences, their attitudes, and the brand preference towards private labels and national brands, there are still a number of variables that have shown their relevance to how consumers globally view private labels and what motivates them to choose some brands over the others. Such literature, however, has limitations, as it does not confer such preferences in a crisis situation as the market dynamics are different. World economies experienced a standstill not only because of the COVID-19 pandemic but also because of its effect on different value chains, which include food supply chains that were disrupted. With the increasingly competitive retail market and the advent of crises, businesses have also changed the way they operate. As a fact, COVID-19 has changed all markets in one way or another and many other areas of our lives. These changes continue to affect consumer behavior. There has been a change in consumer behavior, which differs from country to country, region to region, and even culture. This also attests that consumer behavior is therefore a complex phenomenon that is influenced by personal, social, and even psychological variables, which retailers need to recognize in order to succeed in the marketplace.

Methodology

This literature review focused on studies published between 2021 and 2022 to provide a current understanding of the impact of COVID-19 pandemic on consumer buying behavior, specifically in relation to private label products. To identify relevant articles, the author conducted a search on Google Scholar using keywords such as "consumer buying behavior," "impact of Covid-19," and "private label." Synonym terms, including "private brand," "store brand," "in-house brand," and "own label," were also considered. Only studies conducted during the specified period were included, resulting in a total of seventeen (17) eligible studies for analysis.

The selected studies were analyzed based on their general study design, including the author/s and date of publication, topic/focus question, conceptual / theoretical method, context /setting/location /country/, sample size, findings and future research (limitations/gaps). While earlier studies were not deemed irrelevant, focusing on recent publications provided a clear indication of the current status quo.

Literature Review

A review of literature attempt is made to deliver a review of the research carried out and also the existing current literature that is relevant to the study of the impact of COVID-19 and consumer behavior towards private labels. McKinsey and Company (2021), in their report, which gives a global outlook over forty-five (45) countries of how consumer behavior is changing amid the COVID-19 pandemic, states that the COVID-19 pandemic has affected consumers' behavior in different ways, some of which will have a lasting impact. Of the key ways discussed, are those related to the shift to value and essential items, the shift to online purchases, the change in behavior through shifting from their preferred products to those available, hence buying different brands, the decision to buy more from companies whose products were hygienically packed and who cared for their employees, and the feelings of not resuming normal activities, socializing, and traveling are discussed. Though these were shared as the key changes, it is important to note that they vary in every country. The outlook given implies that consumer behavior shifted during the pandemic. There was a mindset shift in their buying patterns. Consumers' intentions to shift were largely toward buying essentials, such as groceries and household supplies. In relation to the brands, the study implies that consumers tried different brands due to the unavailability of their preferred

brands or even shopped at different retail stores during the crisis. Mehta et al. (2020) conducted a literature review on published surveys during the COVID-19 pandemic. In the study, consumer behavior was analyzed during the crisis and the subsequent lockdown period. From the literature reviewed, a consumer was identified as a person who identifies a need or desire, makes a purchase, and then disposes of the product in the consumption process. Three (3) approaches to explaining consumer behavior are shared: psychological, sociological, and economic, with factors that model the behavior of a consumer during a crisis being risk attitude and perception. The authors share that simplification of demand is one of the new trends during a crisis because of the limitations of offers, which continue even post-crisis where people buy simpler offerings with great value. The research work undertaken by Eager et al. (2021) aimed to make a contribution in order to understand the trends and impact of COVID-19 on the buying behavior of consumers. The study contributes to the generation cohort and fear appeal theories. Data was collected through quota sampling and an online panel from a set of 1000 respondents. The study's findings showed that during the COVID-19 pandemic, consumer shopping behavior generally depends on fear. Fear for health was the main reason identified for the choice to buy new items. Other purchase reasons that were identified were those of availability, quality, and convenience. In addition to these key reasons, generational differences were also identified as one of the key purchasing reasons. The study not only shares the reasons that consumers made purchases, but it also questions whether such a change is permanent or whether, once the crisis is over, consumers will go back to their normal behaviors. There is a need to take cultural differences and context into account. The research study carried out by Pinto et al. (2022) investigates consumer intentions and perspectives in their purchase of private labels. The study evaluated the purchasing patterns of consumer's post-pandemic, their behavioral perspectives in relation to the purchase of private labels, and the managerial practices of retail stores in order to support the intention to purchase their private labels in a Portuguese context. In their study, the authors assert that the rate at which private labels have entered the market is now displacing the known original brands. They are a force for retailers to gain a competitive advantage and financial gains. The study's significance is that it provides new insights on the purchasing intentions of consumers of food retailers' private labels. From the study findings, it is confirmed that consumers changed their purchasing patterns. They bought more private-label products at this stage. Though the study has shared the current stance, it also considered different variables shared by different authors, such as purchase experience, perceived risk, and prior approaches that concern the purchase of private label. The study has its own limitations, as only a younger sample was reached due to the method of data collection that was used. The study reached the respondents through a link and QR code, which older adults would not have accessed. With the study being carried out in one store brand in Portugal, its results cannot be generalized, but a repetition of the study would be important post-COVID-19 pandemic, and a comparative study would be more recommendable for future research. A literature review study carried out by Sheth (2020) in a different setting also shows a shift in the way consumers behave since the advent of COVID-19. Consumers shifted to more mindful shopping owing to the COVID-19 pandemic. Since the study was conducted during the pandemic period, from March 2020 to March 2021, wherein movement restrictions were also employed by countries, a shift was noted wherein consumers were now buying through online platforms. Shopping was done online, wherein e-grocery store sales enormously grew for the period. As original research, this provides a valuable understanding of changing consumer behavior and would assist marketers in coming up with strategies that can help plan for the future. According to Charm et al. (2020), in their report, it is highlighted that during the COVID-19 pandemic, consumers switched between brands because of convenience, availability, and value leading the pack. This therefore shows that the pandemic affected buying patterns, confirming a switch to even the less popular private labels. According to the study, 80% of the consumers had switched to buying private labels or in-store brands and intended to continue even post-COVID-19 pandemic. With the crisis bringing pressure to consumers, not only a general switching of brands was noted, but rather the Gen Z and high earners were the most prone to switching brands. The study carried out by Nagpal and Pallvi (2021) investigates the COVID-19 epidemic in the FMCG sector. According to the study findings, there has been no significant change in brand loyalty. The researchers

state that during the epidemic, a lot of consumers had to buy substitutes, local brands, or private brands for survival. They bought such brands in order to survive the COVID-19 pandemic lockdown scenario; therefore, if they were given the opportunity, they would prefer the brands they have been loyal to. The study findings are limited due to geographical barriers, and single instances may be quoted as a change in preference. Because focus groups were used to collect data, opinions may be difficult to categorize, hence the need to increase the sample size and offer an inclusive paradigm. Czeczoto et al. (2021), in their study to analyze consumer behavior and perceptions towards private labels during COVID-19, established four key factors. These important factors as to why consumers purchased private label products were: lower prices in comparison to the leading brands; attachment consumers had to the leading chain; and safety and trust in the private label products. An analysis of the product categories shows a decrease with age. The resultant findings show that private label availability and improved image and quality were identified as the most important changes to private labels. According to the study, consumers rated private labels as the freshest and least processed, which explains their preference for them. Environmentally friendly production methods that had their origins in the home area were cited. The study shares a lack of research on consumer behavior towards private labels during COVID-19. Cici et al. (2021), this source offers insights on the perception of the crisis among Turkish consumers, its impact, and consumer purchasing behavior during the COVID-19 era. It engaged a sample of participants who were in quarantine and made purchases. In testing their hypothesis, the researchers used correlation and multiple regressions, wherein analysis of the results shows that the perception of the crisis was associated with sparingness and cautiousness. From their results, the two facets of crisis perception exhibited a positive relationship and had a substantial effect on the purchasing behavior of consumers. However, the results of the study reveal that the two do not have such effects on future purchasing behavior. Wage restrictions were also acknowledged as the only cause for a significant difference in crisis perception. This research has a limited sample because only participants who were in quarantine and online were engaged, so some age groups may have been omitted, particularly those who were over the age of sixty-five (65). In his study, Quliyev (2021) explores the impact of the COVID-19 pandemic and how it affects brand preference in consumer purchasing behavior. A "PMO" (phenomenon, moderator, and outcome) model was used for the qualitative study. The study findings show that there were some changes observed in consumer purchasing behavior during the COVID-19 pandemic. The study's limitation is that it lacks empirical research. In a study by Slaba, (2021), focus was on examining the market for private labels and customer attitudes towards private labels. The various aspects of private labels and trade are researched. The results of the study showed that large retail chain stores can achieve more than 30% of sales from private labels. There was a change in shopping behavior observed. However, since the study was conducted during the pandemic, this posed a limitation. Thakur and Kiran (2021) share in their study that consumer behavior has been altered. With the distress associated with the non-delivery of commodities, consumers went into panic buying of materials. The research analyzed and quantified customer preferences, their emotions, and consumer behavior during COVID-19 pandemics. The research limitation is the sample population, which cannot be used to represent the population of settings chosen. The studies that have been carried out during the COVID-19 pandemic propose how consumers might behave in similar settings in the future. Investigations of this nature would assist marketers and retailers in planning for the future. Therefore, the behavioral factors identified indicate that the crisis would not vanish in the future, hence the need to study it and factor it into future consumer behavior theory.

Limitations/Gaps in Knowledge and Future Research

From the literature reviewed, gaps in knowledge are identified as integral to fully understanding the impact COVID-19 had on consumer buying behavior toward private labels. With the studies mostly carried out in a specific setting, this displayed the sentiments of that country. Additionally, the fact that such studies were carried out in a pandemic situation where consumers were in a panic mode may have had an influence on the results obtained. The studies undertaken were limited in terms of their sample

sizes, hence they did not offer generalizations of the results. Because other studies were carried out during lockdown periods, some of the respondents were either quarantined or largely of the older generation, resulting in age gap representations. Studies that were carried out were limited to a particular setting and country; a wider and comparative analysis lacked. There is a need to take the context and cultural differences of the studies undertaken into account.

Future Research on Impact of Covid-19 Pandemic on Consumer Buying Behaviour towards Private Labels

The various research undertaken does allude to the change in consumer behavior, but limitations in studies on consumer buying behavior toward private labels during COVID-19 pandemic are noted. Respondents may have cited single instances as evidence of a change in their preferences, so a larger setting would be significant. Private labels across countries are showing significant market share, and it is important to establish if they are here to stay and even compete with the known brands. This is important so that marketers may strategize and plan for their sales and, additionally, establish if this growth was due to the various perceived risks associated with COVID-19 pandemic or because of their lower prices. According to Charm et al. (2020), for marketers, the consumer shift that has been noted highlights a need to become aware of when shoppers are migrating brands or retailers and then manage the logistics to ensure product and service availability. Though generalizations of the various study results cannot be made, this offers the opportunity for similar studies to be done in the future so as to measure the actual change in behavior. This could provide managers of international brands with a point of reference and benchmark in order to sustain their market shares. In carrying out future research, there is a need to increase the sample size, do a repetition study in a post-COVID-19 pandemic situation, and conduct a comparative study of where sustainable brands operate. Another major research opportunity area is consumer resilience and improvisation. This study provides for future researchers to study the effects on a relatively larger sample, or comparative study, especially in the African region with similar economies. During COVID-19 pandemic, there was a relative lack of research on consumer behavior towards private labels. The COVID-19 pandemic impact is peculiar because every economy has similar economies, which would allow a generalization of the results. This will in turn help marketers, enterprises, and policymakers plan appropriate strategies and policies amid a crisis.

Conclusion

Across the studies conducted in the various country settings, it shows that consumer behavior changed during the pandemic. Various literature shows that consumer behavior has been affected by the COVID-19 pandemic. Consumer buying behavior during the year under review has changed, wherein it shows it has been affected by various factors, among them cultural, personal, and psychological, which as marketers and researchers need to be taken into context. Their purchasing patterns were more inclined toward value. The main driver of the consumer's choice between trying a new brand and doing their shopping was value. There is a need for future research to fully establish if indeed COVID-19 pandemic had an impact on consumer buying behavior towards private labels. This is important not only to fill the research gaps but also to assist in the planning of strategies for marketers and web-based organizations to fully understand and satisfy consumer interests. This will in turn help marketers, enterprises, and policymakers plan appropriate strategies and policies amid a crisis. The current dynamic and competitive environment requires the design of various strategies to ensure diversity and that private labels remain competitive in the market. This is evidenced by the rate of growth of private labels, which continues to show exponential growth. There is a need for effective marketing strategies; hence, an understanding of consumer behavior so as to fulfill their needs and wants is integral.

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