The effect of the COVID-19 pandemic on consumer behaviors: A study on Gen-Z in Indonesia

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ABSTRACT

Pandemic crises affect economic conditions both in terms of supply and demand. New post-pandemic attitudes and behavior patterns called The New Normal will change consumer behavior in the long run. The companies and manufacturers need to understand the changes in consumer behavior to maintain and increase market share. The study aims to examine the impact of the coronavirus pandemic on changes in Gen-Z behavior. The results explain and predict changes in Gen-Z behavior as reference material for marketing strategy design and a reference source for future research. This research uses a qualitative approach that is focus group discussion. The study was conducted in Indonesia in April 2021 with the younger generation as informants. This study specifically selected Generation Z as the target because this generation has unique characteristics and is currently the largest consumer. The results showed that the Covid-19 pandemic requires Gen-Z to adapt quickly and perform various activities that they usually do in digital ways, such as studying, working, shopping, physical exercise at home online. Covid-19, which has plagued the world in the long run where solutions are still not formulated, has Gen-Z with concerns about the future and health. Gen-Z becomes more concerned about physical health by paying attention to food intake and consuming more vitamins. To balance mental health, Gen-Z used online applications that are entertaining, such as online games, online concerts, and online recreation. Gen-Z's new behaviors and habits tend to consume more social media or apps that they can use to develop themselves.

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Introduction

Health is a fundamental need to build a productive society and influence the growth of production, consumption, and well-being (Nwaogwugwu and Evans, 2019). In December 2019, a resident of Wuhan, China, contracted a mysterious disease that came to be known as the new coronavirus (Covid-19) and became the beginning of a global pandemic. The Covid-19 crisis negatively affects various elements such as individuals, businesses, institutions, and industries both directly and indirectly (Faque and Hacıoglu, 2021). The World Economic Forum report a 12% financial contraction between January and March 2020 during Covid-19's pandemic. This financial crisis significantly affected the economic and social aspects of consumers around the world. It reduced demand and lower economic growth in the past two quarters (Craven et al., 2020).

The impact of this pandemic is not only limited to the health system and trade (Prakash et al., 2018, Sahoo and Ashwani, 2020), but also travel (Lee and Chen, 2020), farming (De Roy and Saratchand, 2021), food (Isaacs et al., 2021), and retailing (Dannenberg et

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al., 2020, Roggeveen and Sethuraman, 2020). It leads to a change in consumer behavior. Socioeconomic changes due to this pandemic have also changed consumer purchasing behavior, consumer product choices, and the reasons consumers choose products.

Consumer buying behavior is a set of decision-making processes influenced by internal and external factors (Bagga and Bhatt, 2013). Economic instability is the most influential aspect of consumers' experience (Padhan and Prabheesh, 2021). The financial crisis due to Covid-19 has affected consumer buying behavior patterns, both planned and unplanned. Developing countries, such as Indonesia, are experiencing more severe declines when compared to developed countries due to falling labor demand and rising prices of essential commodities (Evans, 2020). The majority of consumers change their product behavior and preferences (Septianto and Chiew, 2021). Products related to health, hygiene, food, and entertainment in the home become a priority for consumers (Bhatti et al., 2020). On the other hand, secondary and tertiary items, such as fabrics, clothing, footwear, and jewelry, decreased. Many shopping malls and the retail sector are closing their businesses. Marketers need new ways to reach consumers (Roggeveen and Sethuraman, 2020).

Marketers need to reconsider their marketing strategies. During periods of economic decline, recession, and depression, consumers focus on satisfying needs instead of wants (Reed and Crawford, 2014). As the number of cases of Covid-19 sufferers increases, consumers adjust their spending and spending patterns. Consumers will be more responsible for their consumption and prioritize spending driven by essential needs alone (Chronopoulos et al., 2020). During economic and social emergencies, consumers will distinguish between needs and wants (Swanson and Wilson, 2020). So, the marketers need to understand what is important to consumers (Roggeveen and Sethuraman, 2020).

Gen Z is the generation most affected and aware of Covid-19. At the time of the Covid-19 pandemic, information about Covid-19 gained a lot of exposure on social media. The high rate of social media use by gen Z is one of the signals that gen Z is the generation with the most information related to the development of the Covid-19 pandemic (Liu et al., 2021). Gen Z is a generation born between 1995 and 2010 (Mitchell, 2019, Yu, 2020). Gen Z is also known as iGeneration or the literate generation of information technology. In addition, gen Z is a generation that cares deeply about health problems.

The study was conducted to explore information about changes in the behavior of gen Z in the Covid-19 pandemic. The results of the research are expected to be an insight for marketers to formulate their marketing strategies. The government can also use the results as references to make policies and as a source of information for further researchers.

Research & Methodology

To determine the change in behavior of Gen Z used qualitative research design exploration. Qualitative research will provide a detailed understanding of the positive and negative impacts of the pandemic by using a variety of data sources. Primary data is collected through interviews and Focus Group Discussion (FGD) with the selected informants. Secondary data comes from relevant literature sources. Data analysis involves encoding interview data using Nvivo12 software to identify relevant concepts related to the phenomena.

Procedure

At the start of the study, researchers made agreements with participants regarding the willingness to provide complete and honest information. In addition, the participant's name was anonymized. Semi-structured qualitative interviews are conducted via Zoom and recorded audio. Interviews are transcribed by using a transcription service application, then edited by a research assistant and examined by researchers to ensure consistency.

Focus group discussions (FGD) in research are divided into 3 (three) parts. In the first part, participants were asked to give their opinions and perceptions about Covid-19. In the second part, participants were asked to describe the impact of Covid-19 on gen-Z life. Finally, in the third part, participants were asked to describe the behavioral changes that occurred due to Covid-19.

Interviews in each discussion group were conducted for 60 minutes. Considering differences in behavior between several subcultures in Indonesia, the study involved participants from several provinces in Indonesia. The number of participants as many as 60 people divided into 8 (eight) discussion groups.

Data Analysis

Reflexive thematic analysis in NVivo 12.0 is used to analyze qualitative interviews. Nvivo version 12 for Windows was chosen because its features, such as character-based coding, the ability to manage different types of files (images, video, audio, and text), as well as multimedia functions that are essential for qualitative data management. Coding uses a data-driven inductive approach that allows the creation of new code during the coding process. The interview is coded then further refined iteratively to produce the final code. Content analysis is used to analyze questions about positive and negative impacts and sentiments of participants.

Results and Discussion

Each group in the study consisted of 6-9 participants who were recruited based on some criteria. Participant demographic profiles can be seen in Table 1.

Table 1: Participant Demographic Profile

Profile	Sum	Percentage
Gender		
Man	33	55
Woman	27	45
	60	100
Age		
18 years	6	10
19 years old	21	35
20 years	18	30
21 years	10	16,67
22 years	5	8,33
	60	100

Gen-Z's thoughts on Covid-19

Gen-Z argues that Covid-19 is a dangerous disease outbreak and attacks the world not only on health aspects. However, Covid-19 affects the entire order of life, whether economic, social, educational, and cultural. Not only will Covid-19 have short-term effects, but Covid-19 will affect the world in the long run.

Covid-19 hurts several aspects. The soaring use of medical devices such as masks, personal protective equipment, and hand sanitizers has increased plastic waste and medical waste. In addition, the existence of activity restrictions will affect the reduced number of business and non-business trips, limited implementation of education, and social interaction.

On the other hand, Gen-Z also argues that Covid-19 is momentum for nature to heal. Gen Z expects the pandemic to raise awareness of climate change, prompting other generations to take stronger action. The emergence of Covid-19 makes the world community reduce its activities outside the home, thereby reducing the occurrence of air pollution and greenhouse gas emissions due to vehicle smoke. The positive side of Covid-19 is that the natural environment becomes cleaner. But Gen-Z is also concerned that this positive side will be temporary because when normal post-pandemic conditions occur, greenhouse emissions will increase as a result of the increasing use of private vehicles driven by fear of exposure to the disease on public transport.

The Impact of Covid-19 On Gen-Z

Based on the results of the focus group discussion conducted, Covid-19 has several impacts on gen-Z life.

Figure 1: Impact of Covid-19 on Gen-Z Life; *Source:* Processed Data (2020)

Government policy through the enactment of PPKM (Enactment of Restrictions on Community Activities) concerns about the potential transmission of Covid-19 affects several aspects of Gen-Z life. The impacts are:

Social and family relationships

One of the impacts of Covid-19 is the relationship with friends and family. The majority of participants stated that relationships with friends were gaping because unable to socialize directly. The existence of information technology and social media is not to be able to replace direct social interaction. Tenuous relationships with friends result in a lack of opportunities to share information about various things, such as self-development opportunities, business opportunities, and so on.

On the other hand, the participants also said, although relationships with friends experienced obstacles, the relationship with the family became more harmonious. It happens because parents who worked in offices during the pandemic could work from home. On

the other hand, children who usually do outdoor activities often at home. Increased time spent together by parents and children at home makes the relationship between the core solubility closer.

However, when discussing relationships with distant families, the relationships become more strained. The inhibition of friendship with relatives in different locations is due to the large-scale social restriction policy (PSBB).

Increased use of digital technology

Social restrictions put Gen-Z to adopt more new applications and technologies, for example, the video service Zoom. To reunite with family and interact with friends, Gen-Z has used multiple video conference services. Distance learning demands Gen-Z's ability to use various digital applications. Outdoor activities are substituted by in-house activities, such as online cinema applications and online shopping applications.

Awareness of the importance of health

The high exposure to the surge in Covid-19 cases and the gripping news about Covid-19 has raised Gen-Z's concerns about health. The emergence of Covid-19 has motivated Gen-Z to implement healthy living behaviors and adhere to health protocols to protect themselves and their families from exposure to the dangers of Covid-19.

Concerns about the future

The majority of Gen-Z have concerns about the future they have. Online learning that must be undertaken by Gen-Z during the pandemic, unable to transfer scientific insights optimally. Online learning is considered boring and cannot reach the focus compared to face-to-face learning. Gen-Z feels they have limited understanding, and it makes them anxious that they will not be able to face the demands of the world of work.

Increased religiosity

Heightened concerns at the time of the pandemic, as increasing uncertainty and death made Gen-Z even more religious. Gen-Z's anxiety makes them feel the need to draw closer to God. Gen-Z considered praying to reduce emotional distress.

Covid-19 has hit the world in the long run where the solution is still improperly formulated, affecting the change of Gen-Z behavior. The covid 19 pandemic made almost all sectors of life slow down, so humans are making changes and adapting quickly, and doing various activities that they usually do in digital ways, such as studying, working, shopping, physical exercise at home online.

The concerns experienced by Gen-Z mainly related to the future and health put them in a position where they must prioritize mindsets and behaviors that lead to improved prospective life and health guarantees. Health is not only limited to physical health but also mental health. Gen-Z becomes more concerned about physical health by paying attention to food intake and consuming more vitamins. To balance mental health, Gen-Z uses online applications that are entertaining, such as online games, online concerts, and online recreation.

Gen-Z's new behaviors and habits tend to consume more social media or apps that they can use to develop themselves. This application is used to interact with new friends from all over the world to spread positive things. These applications provoke Gen-Z to develop their communication and language skills. In addition, Gen-Z feels that by doing activities from home, they can reduce time wasted when doing outdoor activities. They use the time to learn other things, such as learning financial instruments and doing financial investment practices, online training, etc.

COVID-19 has changed Gen-Z's relationship with food, and how to buy, and what to buy. Before Covid-19, they preferred to buy food directly at food vendors because they could gather with their friends while eating. In addition, in consuming food, they do not exaggerate the nutritional content. But during the Covid-19 pandemic, Gen-Z adopted new eating habits. They prefer home cooking and pay attention to the nutritional content of the food they consume. It is in line with the research conducted by Soon et al. (2021). When feeling bored with home food, for food purchases, Gen-Z prefers to buy food online. They do so as a preventive measure from Covid-19 transmission and boost the body's immunity.

For the purchase of goods, Gen-Z prefers to spend online. This study is supported by Merriman (2015). Gen-Z chooses to shop through E-commerce because Gen-Z accesses the internet more frequently than other generations. In the age of Gen-Z, a person is easily influenced by the attractiveness of E-commerce. Besides selling products that vary at a low price, e-commerce also does vociferous and attractive promotions. With the existence of the Covid-19 Pandemic, the number of online shopping consumers multiplied. It is caused by people spending more time on the internet and the ease features in making transactions. Tran (2021) stated that Utilizing e-commerce makes people consumptive. In this Covid-19 pandemic, online shopping is essential because people do not make direct interaction when shopping, they only need to look for what to buy, click it, and the item will appear on the screen, pay for it online. Online stores are accessible all the time, so people can shop at any time without having to leave the house. It is significant in carrying out activities without having to leave the house. Gen-Z considers that shopping online can provide fun.

The increasing use of smartphones during the pandemic caused Gen-Z to frequently see influencers, advertisements, e-commerce applications promoting a wide array of products or services. Reviews by influencers increase their trust in a product and want to try

a product or service. Thus, this type of frequent online shopping is not a necessary factor but because it is affected by influencers, advertising, and promotion from the outside. In addition, Gen-Z felt that during the pandemic, many people were laid-off. They turned to online businesses to earn money. As such, they want to help online merchants who have difficulty finding income during a pandemic.

Conclusions

Disruptions caused by Covid-19 that bring about behavioral changes in Gen-Z need to get the attention of business people. Gen-Z concerns over health issues, future opportunities, and social interactions need to be bridged by businesses. The increasing use of digital technology needs to be captured as an opportunity that provides a solution to Gen-Z's issues. The companies can offer health-related apps, such as daily body nutrition adequacy apps, Artificial Intelligence, or Virtual Reality apps that provide real experience for Gen-Z. Gen-Z must pay attention and be selective in transacting online, in terms of the needs, not the desire.

Businesses need to think about how to build digital infrastructure, systems, and processes. Develop a business strategy for the long term. Business people must give a good impression through the role of service solutions and quality (Manyaga and Hacıoglu, 2019), such as goods sent safely, the use of e-wallets as a solution when at home, and buying goods that do not need to use cash. In addition, it is critical to think about how digital technology can provide a humanist touch so that Gen-Z that lost social interactions, can get it from digital consumption. Customer experience in cyberspace will be a strategic investment.

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