

Consumer Expectations From Brands During COVID-19: A Grounded Theory Approach

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ABSTRACT

Consumer expectation is a crucial factor that leads to consumer satisfaction. In this competitive environment, brands must be aware of consumer expectations. The coronavirus pandemic is a worldwide crisis that has changed the lifestyle, has increased health concerns, and has made economies moribund leading to a change in consumer expectations. This research aims at understanding the consumer expectations from brands amid COVID-19 from a qualitative perspective. The researchers applied grounded theory for the analysis. The researchers conducted in-depth interviews to collect the data. The analysis used open coding of data, development of memos, generation of concepts, categories and subcategories identification, axial coding to identify relationships among the categories, and selective coding to ascertain the core category. The study generates concepts of consumer expectation amid pandemic, which will form the dimensions to evaluate consumer satisfaction. The study provides insights to brands based on which they can work to satisfy consumer expectations.

KEYWORDS

Axial Coding, Categories, Consumer Behavior, Crisis, Open Coding, Selective Coding, Sub-Categories

1. INTRODUCTION

Coronavirus is a humanitarian crisis leading to both health crisis and economic pandemic. The virus transmits by close contact with the infected patient. Consequently, people worldwide are socially distancing themselves and observing all the possible preventive measures. The concerned authorities continue to impose various restrictions to avoid further spreading the virus in their respective areas (Ferguson et al., 2020). Even before the government authorities imposed different laws, many households started isolating themselves to avoid the virus (Gupta et al., 2020).

COVID-19 has substantially changed the world, not just because of the disease, but because of the long-lasting effects it might have (Harper et al., 2020). With changing priorities and lifestyles, consumer expectations are changing. Products and services which satisfied them previously might not work in these changing times (Richards & Jones, 2008). Brands should strongly consider evaluation of new expectations and revaluation of their satisfaction metrics. Failing to meet consumer expectations leads to a lack of brand favourability. Consumer perception of a brand in times of crisis broadly defines their trust and loyalty to the brand.

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Trading activities are on a halt with closing factories, airlines, shops, restaurants, schools, and colleges to prevent the spread of the virus. The travel industry is facing worse circumstances; 80% of hotel rooms are empty (Asmelash & Cooper, 2020). The airlines have made 90% cuts to their workforce (Donthu & Gustafsson, 2020). The brand value is down for Delta 9%, American Airlines 7%, and United Airlines 3% (Williams, 2020). With consumers socially distancing and closing down trading, brands face a significant decline in revenue, with many facing cessations. The pandemic is likely to lead to the bankruptcy of some well-known brands with consumers staying home and the economy moribund (Tucker, 2020). During the second quarter of 2020, the global revenue declines for PVH Corp., Adidas, and Reebok were 33%, 34%, and 42% respectively (Hillier, 2021).

There are some brands which recently reported a surge in revenues. People are stuck at home and they continue to use online services to keep in touch with their loved ones. In the second quarter, the revenues of video conferencing service, Zoom saw 355% y-o-y growth, with profits rising to \$185.7 million from \$5.5 million the year before. Monthly active users for the video-sharing social networking service, Tik Tok, rose by 181 million since December 2019. During the second quarter, Facebook reported a rise from 1.73 billion to 1.79 billion for Daily Active Users. Twitter reported an increase in Monetizable Daily Active users by 34% to 186 million. With people spending more time on social media, brands are naturally shifting to social advertising. The worldwide advertisement spending increased by 26.2% in the second quarter of 2020, compared to the first quarter (Socialbakers, 2020). Global mobile advertisement spending rose 71% y-o-y during the second quarter (Pubmatic India, 2020). Facebook's ad-revenue grew 10% y-o-y from 16.6 billion in 2019 to \$18.3 billion in 2020 (Facebook, 2020).

People continue to shift online to make purchases leading to sky-rocketing of online sales. Amazon surpassed the \$200 billion brand value benchmark, with 18% growth presently holding \$220.8 billion and 40% y-o-y growth in net sales (Amazon, 2020a). Square Inc. sales jumped 64% because of an increase in online payments (Roof & Wagner, 2020). During the second quarter, Adidas online sales increased by 93%, making online sales responsible for more than one-third of the brand revenue. Digital sales of Nike grew 82% y-o-y. Nike Direct sales observed a growth of 12%, \$3.7 billion, bringing the total revenue from June to August to \$10.6 billion, which is 1% down (Nike, 2020).

Consumers continue to turn to entertainment for comfort and connection. This includes gaming, over-the-top (OTT) media services, including Netflix, Amazon Prime, and Disney Plus. Gaming apps installs saw growth by 51.2% y-o-y growth on Google Play in the second quarter of 2020 (Farrell, 2020). In the first half of 2020, Netflix gained 26 million paid net adds versus 12 million the prior year (Netflix, 2020). The streaming service, Disney Plus, launched in November 2019 in the US and March 2020 in the UK, has attracted 60.5 million subscribers (BBC, 2020a).

Consumers have numerous expectations from brands that vary from one sector to another. Hence, companies operating in some sectors find it harder to satisfy consumers due to high expectations. Moreover, sectors may be classified based on the impact of the pandemic (Yockelson & Stanyer, 2020):

1. Negatively affected sectors include tourism, transportation, hospitality.
2. Directly profiting sectors include medicinal facilities and disinfectant manufacturers.
3. Indirectly benefitted sectors include OTT platforms like Netflix, Disney+, delivery services like Amazon, Flipkart, and gaming services.
4. Crucial sectors that need to change their working methods include educational institutes, namely schools and colleges. These institutes must shift online.

The aftermath of the pandemic changed the market forever. All brands are vulnerable and must confront these unprecedented challenges triggered by the pandemic to meet the expectations of customers. Customers will not be satisfied if their expectations are not met.

Consumer satisfaction is the resultant feeling of a consumer after the comparison of the performance of the product (post-purchase) and the expected performance of the product (pre-purchase)

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