

The Psychological Impact of COVID-19 on Consumer Behaviour:

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Abstract:

The psychological factors influencing consumer behaviour have shifted due to the impact of the COVID-19 pandemic. Before the pandemic, consumption was mainly driven by individual cognition and social comparison. The pandemic acted as a psychological shock, leading to an increased need to address immediate concerns such as prolonged uncertainty, risk aversion, and non-essential impulse purchases, raising questions about whether these changes in consumer psychology are temporary or have lasting effects. This essay offers a comparative and analytical perspective, discussing psychological theories like social comparison and risk perception alongside observable behavioural shifts from the pre-pandemic to post-pandemic periods. It highlights the disruptive psychological impacts of the crisis and identifies post-pandemic factors that have long-term influences, which also have macro-level implications. The analysis indicates that the situation has caused a significant shift in consumers' priorities during the post-pandemic era. Social drivers, present before the pandemic, were replaced by increased risk aversion and emotion-driven spending during the crisis. In the post-pandemic period, these effects have become enduring, including a shift in values towards health, sustainability, and meaningful experiences such as wellness tourism and family-oriented activities. The study suggests that these psychological changes reflect a macro-level transformation, with consumption moving away from materialism and instead are using consumption as a way to find security and personal fulfilment. This highlights the importance of exploring how these changes might influence the future of consumer markets.

Keywords: COVID-19; consumer behaviour; risk aversion; social comparison; post-pandemic transformation

1. Introduction

The 2019 COVID-19 pandemic was not just a global health crisis. It served as a crucible testing not only physical health but also sociological and psychological aspects of human behaviour. Within weeks, it altered people's routines, values, and even reconstructed some lives entirely. It compelled individuals to reassess their priorities, including health, family, and economic security.

Among all affected sectors, the markets and the realm of consumption certainly underwent some of the most noticeable shifts. Consumer behaviour, traditionally studied by classic economists through rational choice models such as utility maximisation, was suddenly driven by the instincts of survival and fear.

This essay examines the impact of the pandemic on consumption behaviour, consumer psychology, and new factors such as increased attention to health, which have reshaped consumption patterns. It will argue that, while pre-pandemic behaviour was mainly influenced by factors like individual thoughts and social comparison, post-pandemic behaviour was shaped more by risk aversion and irrationality. It will analyse the foundations of consumption before and during the crisis, the psychological shock caused by the crisis, the emergence of new dominant factors, and the long-term macro-level changes that are currently underway.

2. Pre-pandemic Factors Influencing Consumer Behaviour: Individual Cognition and Social Comparisons

One of the main factors influencing consumer behaviour is individual cognition and information processing. Individual cognition refers to the mental processes involved in consumption, including how consumers perceive, interpret, and evaluate information before making a decision. Ultimately, consumers are regarded as rational beings who collect details, consider options, and choose what best fulfils their needs and satisfies them [1]. This supports the idea that consumer behaviour is a complex mental process involving all of people's cognitive activities when resolving purchasing issues, primarily driven by psychological factors, such as how people find, share, simplify, think about, store, organise, and retrieve information [1]. However, even within this rational framework, the influence of cognitive biases and mental mechanisms must still be acknowledged. It is frequently observed that consumers exhibit cognitive biases such as herd mentality, which is the tendency to imitate others' behaviour under uncertainty; confirmation bias, where consumers seek out information that supports their existing beliefs, such as only trusting social media posts that affirms panic buying while

ignoring contrary facts; and the anchoring effect, which demonstrates how consumers' decisions can be heavily influenced by their prior knowledge and how they use this information to form new judgments. Whether it involves purchasing a steak or a car, it is most likely the result of a complex yet personal calculation of costs and benefits.

Alongside individual decision-making, social influence plays a big role in shaping consumer behaviour. According to social influence theory, the opinions and actions of those around can impact people's consumption choices [2]. For example, social comparisons and peer pressure—especially amplified by social media—can heavily influence habits. Platforms like TikTok and Instagram often showcase curated images of idealised lifestyles, which encourages users to compare themselves and feel FOMO, or the fear of missing out. This feeling pushes people to buy things, stay trendy, and keep up with their peers. Moreover, celebrities and social media influencers have an impact—they turn shopping into a means of connecting with and emulating those they admire. Whether it's buying a specific brand of shoes, visiting a trendy new spot, or dining at a popular restaurant, these actions go beyond peer pressure; they fulfil deeper needs for belonging and social status. This interplay of influences is crucial in social commerce, where social media platforms are used not only for browsing but also for making purchases. Trust-building strategies on these platforms are essential for encouraging consumers to make a purchase. Additionally, cultural norms also shape what's considered appropriate or desirable—such as the type of car to drive to an event or the amount to spend on a birthday gift. All of these factors guide how consumers switch between platforms, often favouring social commerce for its convenience, personalised experience, and trendiness, making shopping feel more connected and enjoyable.

3. The Pandemic as a Psychological Shock

Shortly after the outbreak of the pandemic, the established foundation of consumer behaviour—whether it's internal cognition and external pressures—was immediately transformed. This shift spanned from desires and social status to concerns of survival, fear, and an urgent need for control.

The most rapid change was in consumer psychology. Widespread uncertainty and fear impacted everyone, mainly due to concerns about the new virus. This resulted in severe impacts on the global economy and led to changes in people's lifestyles and routines. Anxiety was not only an individual state but also impacted nearly everyone, triggered by health fears, financial instability, and potential threats that could emerge at any time.

This was reflected in a rising concern about “Infectious diseases,” with around 55% of respondents reporting a moderate to extreme increase in their worry levels. Moreover, lockdowns and various restrictions caused people to feel a loss of control and autonomy consistent with theories of learned helplessness. All these factors resulted in behaviour aimed at regaining control over life, such as bulk-buying essentials, cutting down on store visits, and avoiding non-essential purchases. People also reduced the time spent shopping in physical stores and purchasing in larger quantities at once. This finding was consistent across multiple countries. In addition, the shift to online platforms has increased significantly, with more than 50% of respondents reporting a rise in their online purchasing frequency, a trend observed globally.

These behaviours can be explained by the rise of extreme risk aversion tendencies, an adaptive evolutionary strategy that enhances survival in the face of systematic environmental threats [3]. The COVID-19 pandemic, with its high fatality rate (WHO, 2020), has heightened consumers’ awareness of health and economic risks, making health and safety more important than ever, thereby overriding consumers’ previous priorities, such as price and brand loyalty. This sense of anxiety resulted in risk aversion becoming the dominant response, such as avoiding physical contact, public spaces, and any areas that have not been strictly sanitised. This has led to severe consequences for sectors like hospitality, physical retail, and travel. However, sectors such as contactless services experienced a boom in the meantime. Due to the increase in unemployment and economic downturns, people are now hoarding cash and reducing unnecessary expenditure. Consumers redefined their “needs” and “wants,” focusing solely on essentials. This aligns with empirical evidence from a post-pandemic survey conducted in Shanghai, China, involving over 450 participants, which found that 55% of participants increased their savings and reduced their spending, reflecting a strong preference for financial security during uncertain times. The brands consumers choose have also changed, with local brands emphasising safety, often outperforming global luxury names, shifting the focus from quality and price to safety and reliability.

Alongside risk aversion, there was a surge in irrational consumption behaviours triggered by an extended period of uncertainty, fear of infection, and widespread media influence emphasising scarcity and health risks [4,5]. The most obvious example was the global phenomenon of panic buying and hoarding, where items such as toilet paper, pasta, disinfectants, and hand sanitisers became essential for everyone. This can be seen as irrational behaviour aimed at causing supply chain disruptions [6], but from a psychological viewpoint, it was rational, driven by Anticipated Regret Theory, which states that consumers will do everything possible to avoid future regret when

essential goods are no longer available [4]. It also led to herding behaviour, which refers to the instinct to follow the crowd during periods of uncertainty, where individuals imitate others who seem to “know better” to reduce potential risks caused by information asymmetry [7]. For many consumers, filling their fridges was a way to alleviate their sense of uncertainty, responding to the severe disruption of everyday decision-making caused by high infection and fatality rates, as well as the lack of an effective vaccine [4]. Another irrational behaviour observed was impulsive buying, mainly driven by boredom and stress during lockdowns, as consumers, whose sense of control decreased, sought to regain autonomy through acquisition, where they often used consumption as a temporary coping mechanism [4].

Furthermore, discrete emotions also influence consumers’ ability to process information and make decisions, which can lead to emotional spending and “doom-saying” as standard coping mechanisms. Bless notes that people in positive moods tend to base their judgements on existing knowledge, while those in negative moods focus on more detailed information and analytical thinking [8]. However, in contrast, Xia and Lia actually found that positive emotions can lead to a more comprehensive evaluation of product information [8]. In contrast, negative emotions can cause individuals to consider only limited or biased aspects of a product’s features. Consumers, being confined to their homes, experienced extreme stress and boredom, which aligns with stress-coping models in behavioural psychology, leading many to turn to retail therapy for a dopamine hit and a temporary escape from reality. Online shopping became a place where consumers could release their stress, resulting in an increase in purchases, whether for sleeping dresses or home baking kits. Some consumers went further, engaging in “quarantine investments,” where large amounts of luxury watches and high-end bikes were bought. These purchases reflected a “life is short” mentality, seen as an escape from the stressful world created by the pandemic.

4. Post-pandemic factors that Influence Consumers’ Consumption Behaviour

With the last lockdown ending, society began to return to normal, or “a new normal” somewhat. New factors influencing consumption emerged alongside those from pre-pandemic times, with the most notable change being the shift in emotion, from a minor influence to a dominant one.

The consumer decision-making process shifted from being purely rational to being more emotionally driven. What is being consumed became more about the emotional value it provides. For example, does consuming this product bring

me joy? Does this service help me reduce stress? Is this brand safe and reliable? All these points lead to a focus on personal happiness and comfort in consumption. After being deeply affected by the crisis, consumers tend to focus more on social equality by supporting local businesses and charities, etc. Brands with strong ESG (environmental, social, and governance) practices gained more popularity, while those causing negative externalities and considered unethical experienced a loss of consumers. Nostalgia has also become a powerful marketing strategy, as consumers seek products associated with the pre-pandemic era.

Social comparison and peer pressure still exist, but they take on different forms. As most gatherings moved online during the pandemic, the “Zoom effect” shifted the focus of comparisons. Instead of assessing luxury possessions like expensive watches and handbags, people began focusing on home office setups and digital devices. They began comparing their homes, such as bookshelves and virtual backgrounds. This led to a surge in sectors like home decoration businesses.

Additionally, social pressure shifted toward “wellness competitions,” reflecting broader societal trends in health awareness. As health gained more attention after COVID-19, peer influence became focused on who ate the healthiest and most organised meals, who had the most advanced home gym, and who exercised the most often. Consumption no longer symbolised wealth but health after the pandemic.

5. Long-term Changes and Macro-level Impact

Changes in consumer behaviour and psychology have led to long-term trends that are impacting markets and societies on a macro scale. The COVID-19 pandemic has caused disruptions and shifts in consumer habits, particularly in digital consumption and healthcare. These changes have compelled businesses to re-evaluate their marketing strategies and operations, taking into account the evolving preferences of consumers in the post-pandemic era [9].

One of the most notable changes is in international supply chains. The pandemic has revealed the fragility of global networks, as most supply chains were severely disrupted. As a result, companies across various sectors are now proactively diversifying their risk and supplier bases, shifting production lines closer to home. Alongside this transformation, marketing and brand communication strategies have also changed. The pre-pandemic sales-driven advertising approach has proven ineffective with the more emotionally aware consumer base. Many brands now prioritise empathy and authenticity, as seen in campaigns from companies like Nike and Dove, alongside other value-driven messages that resonate with consumers’ new

priorities. Firms are recognising that, in the post-pandemic era, consumers are buying into the brand’s ethos and values as much as its services and products.

The pandemic has also heightened consumers’ awareness of the data privacy paradox, creating new tensions between protection and personalisation. During the pandemic, consumers relied heavily on digital platforms for almost everything, from shopping and work to socialising. However, this digital shift has increased consumer concerns and worries about how their personal information is used, stored, and protected. Consumers expect their privacy to be highly protected while enjoying personalised convenience, which presents a challenge for businesses, especially those operating in the post-pandemic digital sector.

The long-term changes in consumer behaviour are evident across several key areas, reflecting shifts in lifestyles and values. While many retail sectors, such as restaurants and clothing, have returned to pre-pandemic consumption patterns according to research by Oblander and McCarthy, specific categories have experienced lasting changes [10]. The “omnichannel” expectation, referring to seamless integration across online and offline shopping platforms, where consumers research a product online, check local availability via a mobile app, physically see the item in store, and complete their purchase through digital channels for home delivery, has become the new trend that businesses have to adjust accordingly.

Furthermore, research indicates that routine and subscription services, along with online shopping platforms, have maintained higher usage levels than would have been expected in the absence of the pandemic’s influence. Contrary to the initial expectations, which predicted a surge in luxury items, most of people focused on essentials — products that are useful, safe, and provide long-term value. Non-essential expenses, such as travel and entertainment, were deprioritised in favour of goods and services that offer practical utility, safety, and long-term value.

Additionally, the pandemic has led people to pay closer attention to their household well-being and health, highlighting the importance of the home as a place of strength and resilience. This shift has led to increased demand for sectors such as health checks, home care services, and insurance products. At the same time, these changes in individual behaviours have created some challenges for society. Research also suggests that excessive hoarding and a surge in online shopping have caused resource shortages, disruptions in supply chains, and made it harder for vulnerable groups to access essential goods.

6. Conclusion

In conclusion, this essay has examined the shift in psychological factors influencing consumer behaviour fol-

lowing the COVID-19 pandemic. Prior to the pandemic, consumption was mainly shaped by individual cognition and social comparison, where decisions were driven by the desire to align with peers and personal beliefs. Once the global health crisis emerged, it prompted significant changes, transforming consumption norms towards survival-driven behaviours such as panic buying and hoarding, primarily motivated by uncertainty and fear of the unknown. These behavioural shifts have resulted in long-term macro-level impacts, including severe disruptions to supply chains, revealing the vulnerabilities of global systems. Additionally, the pandemic heightened consumers' awareness of the data privacy paradox due to increased digital integration, which also caused delays in subscription services like entertainment platforms. A key recommendation from this essay is for businesses to modify their objectives to develop more transparent platforms that prioritise consumer safety and trust, as post-COVID consumers have shown an increased willingness to invest in services that promote health and wellbeing over materialism. The overall significance of this study lies in understanding the adaptability of consumer psychology under external influences such as the 2019 pandemic, and how markets rapidly adjust in response, providing a framework for predicting future crises.

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