**The Impact of COVID-19 on Business and Consumer Behaviour**

On the 26nd of March the global number of Covid-19 cases reached 5,497,538 and 188 countries are currently affected by the virus (International SOS, 2020). Lockdowns, travel bans, and temporary quarantines forced people to stay inside and work from home. Even though countries are beginning to ease restrictions the economy took a massive hit. In the US alone 30 million people filed for unemployment benefits. Despite this economic slowdown some companies were able to adjust quickly and reported record numbers in sales and stock prices. These companies seemed to have one thing in common, their business models are underpinned by technology. For struggling businesses that have been resistant to change their outdated business structures, will the COVID-19 crisis be a wakeup call to modernise their business models and how will COVID-19 change buying behaviour in the future?

The Covid-19 accelerated three major developments that will have a long-lasting impact on businesses and institutions worldwide. These three developments were already unfolding before the outbreak of the pandemic but at a much slower rate. Old structures are stubborn (Molenaar, 2020). However, in a time of crisis old and outdated structures are under attack and an openness for change can lead to innovation and technological progress. Universities, schools and businesses had to switch from face to face meetings to digital sessions. Teaching, conducting business even shopping had to be done from a safe distance. This meant a radical change for many institutions and companies in the way they were operating.

The first development was a rapid change in people’s buying behaviour moving away from prick and mortar shops and towards online stores. As people stayed indoors the demand for online shopping and entertainment soared. In the last years small business owners were already struggling to keep up with giant corporation such as Amazon which are able to offer a higher variety of the same good at a much lower price. Local governments initiated campaigns to remind people to buy locally and support small businesses in their area. However, during the pandemic people were often left with no choice but to order online as they were confined to their homes. In terms of convenience, variety of products and available product information, ordering online has a huge advantage over prick and mortar shops. Additionally, online businesses and platforms can easily adapt a demand-driven approach aimed at the individual buyer which further contributes to the individual buying behaviour (Molenaar, 2020).

Secondly, our way of working underwent a drastic transition in which home offices replaced external company offices allowing employees to work remotely from anywhere at any time. Jokingly users on LinkedIn asked their networks who enabled digitalisation at their company. Was it their CEO, team leader, a colleague or was it COVID-19 that lead employees and executives to change and take full advantage of already existing communication technologies? The pandemic forced even the least tech-savvy employees to adopt a new way of working supported by technology. Working from home has become the new normal and it offers many benefits in terms of flexibility. It makes one wonder, if we really need to fly to a business meeting or if it is possible to join from home. Additionally, it would give busy parents the chance to stay at home with their children without having to make concessions in either their personal or professional lives. The luxury of being able to work from anywhere at any time has the potential to give employees a great amount of freedom to find their personal work-life balance and it might have a long-lasting impact on how companies are run.

Lastly, companies that were already benefiting from network and platform effects such as Amazon, Netflix or Zoom thrived during the pandemic. It again showed that companies that make use of IoT solutions and/or networks/platforms are highly flexible and adaptive. This is mostly due to three reasons as explained by Cor Molenaar (2020). Firstly, competitive strengths are utilised in the platform/network business model facilitating interactions between producers and consumers which create the basis for a demand-driven business strategy. Secondly, a coordination of resources takes place and thirdly, instead of a focus on customer value network/platform business models are more interested in the value of their ecosystems. Additionally, they have a very short time to market. These reasons allow them to react quickly to changing external factors giving them a great economic advantage over conventional run businesses.

In a world that is becoming more complex and unpredictable the ability to adapt rapidly to external changes in the industry is a key factor for the long-term success of a company. The outbreak of the COVID-19 virus proved once more that small businesses on the high street need to change their business models and marketing strategies if they want to stay competitive. Digital transformation can make a big difference according to McKinsey’s report on technology and its impact on business and social business’ role. They found that digital transformation can boost companies’ bottom line by more than 50% over the next 5 years. This has the potential to save many small to medium sized businesses. Furthermore, by leveraging social business and information technology and adopting a digital business strategy companies will be able to enhance connectivity, improve decision making and increase product and service innovation as well as the automation of manual tasks. The COVID-19 crisis showed the urgent need for the adaption of business models such as two-sided platform models that offer flexibility not only to consumers, employees and external stakeholders but also within production, inventory management and distribution channels. It also showed how quickly buying behaviour can change. Flexibility, scalability and the ability to adapt quickly to changes in the external environment are the main factors which will determine the success of a company in the future and the way to get there is by adapting new business models that leverage technology and the IoT.

Sources

<https://pandemic.internationalsos.com/2019-ncov/covid-19-daily-summary>