https://doi.org/10.60030/ALMAMS.c9Wl9nL

Studying the Changes Forced by Covid-19 on Small and Medium Businesses and its supply chains in the UK

Alfonz Antoni

Associate Professor
Metropolitan University

Savannah Celestina Trail

Former Student of Metropolitan University

Abstract

All over the world, Covid-19 pandemic has affected the businesses operating in different industries and sectors. Some businesses have managed to deal with the impact while some have faced severe losses. In the UK, analysts have identified that SMEs play a major role in economic growth and development. The current pandemic situation has increased pressure for the businesses, which has led to a shift in the business models. The businesses are adopting new strategies and methods to deal with the challenges and complexities. The pressure of competing and retaining positions has affected different areas and aspects of the business. Along with these changes, it has been seen that the demands of consumers have also changed. The changes in consumer behaviour have led to influence on business approaches and strategies. The study focused on gathering primary data using a questionnaire. The analysis of the data using the regression model justified that the Covid-19 pressure has imposed changes on SMEs. However, the impact of consumer behaviour in this situation has not been proved. The study concludes that it is important for the business to respond quickly according to the market trends and demands.

Keywords: *Covid-19, consumer behaviour, environmental pressure, essential and non-essential items, lockdown, disruption in supply chains*

1. Introduction

Background

In the business world, different events and situations have the potential to influence the business environment. A number of microeconomic and macroeconomic factors have been identified that influence the growth and success of the business. The changes in the beliefs and perspectives of consumers with time have affected the strategies and approaches integrated by businesses. The history indicates that pandemic illnesses have brought long-lasting changes in the world. Different pandemic outbreaks shaped the business environment and perspectives of people in different ways around the world (Narula, 2020). Similarly, the recent Covid-19 outbreak has significantly influenced the business environment. Some businesses adopted changes in their functions, operations, and models actively. While these changes are termed as forceful as the businesses were not prepared for these changes. Most of the businesses adopted the e-commerce model to meet the changing needs of consumers. They started offering online shopping facilities to the consumers, which not only helped in managing sales and customer base but also helped in managing the profitability to some extent. Businesses need to keep track of the changes in consumer needs and desires. If they fail to bring changes in the products and services according to the changes in the consumer behaviour, it would lead to failure of the business (Accenture, 2020).

Since the beginning of 2020, the Covid-19 outbreak has gained attention. It has affected different countries around the world. People including business owners, managers, and consumers have become increasingly concerned about the impact of Covid-19 from the economic and health perspectives. It has influenced different aspects of life including education, work-life, and personal life. The people are responding to the situation in different ways. Their attitudes, behaviours, and purchasing habits have become the centre of attention these days. These changes have influenced the businesses operating in different industries and sectors to adopt strategies and approaches effectively and wisely. When the pandemic situation was identified, people panicked a lot. They started feeling anxious and panic-buying was identified. Some consumers shopped in bulk so that they have excess supplies available at home. While some consumers remained indifferent to the situation. They continued buying the usual products despite the continuous recommendations made by the government and health professionals (Webster, 2020).

As a result of Covid-19, researchers have identified changes in the behaviour, attitudes, and purchasing decisions of consumers. It is expected that these changes would remain post-pandemic. Most of the purchases are centred around basic needs. People have become more conscious of what to buy and where to buy. The pandemic situation and the lockdowns executed by countries have influenced consumers to opt for online purchasing. A shift in consumption and shopping pattern has been identified as the people are preferring the purchase of local products. They are also embracing digital commerce. It has helped them in managing isolation and social distancing (Sheth, 2020, p.285). The changes in the environment have led consumers belonging to different segments to learning and connecting using digital platforms. The pandemic has influenced the world significantly. People living in different regions and different conditions have reacted to the changes in different manners as they think and live differently. These changes have influenced the supply chains and business models. Many small and medium businesses have adopted and integrated e-commerce models. They are offering online purchasing options to consumers through applications and websites. Researchers believe that Covid-19 has reshaped the consumer goods industry in real-time. It is also believed that the newly adopted habits would endure beyond this crisis. The shopping habits, the decisions related to how and where to shop, and the brands and products that are necessary for consumers have influenced the mindset and perceptions of customers (Santhiya & Elavarasan, 2020, p.9).

As a result of Covid-19, economic activities that involve close physical contact have been restricted by the government. Governments around the world are placing containment measures to slow down the spread rate of infection. Lockdowns and border closures have severely restricted economic activities. The businesses and consumers are choosing for social distancing to avoid potential contagion and physical proximity. In response, many businesses have adopted e-commerce business models. E-commerce has become a major pillar in the fight against Covid-19. Online shopping and online payments have helped both businesses and consumers during this situation. However, it is believed that the changes in consumer behaviour and business models are long-term. So, businesses are planning and adopting innovative strategies to deal with changing consumer behaviour to remain competitive (Donthy & Gustafsson, 2020, p.286).

Problem Statement

The Covid-19 pandemic outbreak affected lives in many ways. Many people lost their lives or their friends and family. Since the beginning of 2020, the Covid-19 outbreak has created fear. People are adopting new ways to manage their personal and professional lives. It has significantly influenced their shopping behaviour and attitude. As countries announced a lockdown, people started using online stores and shops for purchasing products. It provided many small and medium businesses with the opportunity to adopt the e-commerce model. They started providing home deliveries of a wide range of products (Narula, 2020). Some businesses adopted these changes willingly while others were forced or else it was difficult to survive in the situation. Researchers claim that changes in consumer behaviour have a significant impact on business strategies and approaches. The success of a business relies on how effectively it manages to meet the needs of consumers. The increasing competition and challenges in the business world are influencing businesses to continuously pay attention to effectiveness, innovation, and consumer demands. However, the lack of resources and different microeconomic and macroeconomic factors create challenges for businesses. Similarly, small and medium businesses faced more challenges in the Covid-19 situation. The current research intends to focus on studying the changes forced by Covid-19 on SMEs in the UK and consumer behaviour towards products (Webster, 2020).

Research Aim and Objectives

The study aims to explore the changes forced by Covid-19 on small and medium businesses in the UK and consumer behaviour towards products

The objectives are stated below:

- Studying the shift from bricks and mortar business model to e-commerce as a result of Covid-19
- Studying the shift in consumer shopping behaviour as a result of Covid-19
- Analysing the impact of forced changes on business and consumer behaviour in the long run

Research Question

How small and medium businesses are coping in Covid-19 situation to positively influence consumer behaviour?

Outline of the Research

The research report consists of six chapters, which include an introduction, literature review, Covid-19, and its impact on businesses in the UK, research methodology, results, and conclusion. The first chapter introduces the research topic and area. It includes the background, aims, and objectives of the study, problem statement, hypotheses, and research questions. The second chapter includes a review of the literature, which involves the analysis of different theories and models related to the topic. It formed the base of the study. The third chapter includes the research methodology, which includes the choices of approaches and techniques and their justifications. Chapter four presents the results based on the analysis and evaluation of the data gathered during the study, which helped in answering the research question. The last chapter concludes the study and includes a discussion of the findings. It also includes recommendations based on the findings of the study.

2. Literature Review

Introduction

Different social, political, economic, technological, environmental, and legal factors have an impact on the business environment and nature. Along with this, it has been seen that natural disasters, crisis, and other events have an impact on the business progress and strategies. The recent outbreak of Covid-19, which has hit the countries globally since the beginning of 2020 has captured the attention of researchers and analysts. The impact of Covid-19 is very prominently visible as it has not only affected personal and professional lives but has also influenced the business models, strategies, and industries to a great extent. All businesses including large, medium and small have suffered due to the pandemic situation (Accenture, 2020). The literature review has been conducted to find out the changes forced by Covid-19 on SMEs and how it has affected consumer behaviour. The review is presented in this chapter.

Bricks and Mortar Business Model and E-Commerce Model

With the advancement in technology, it has been seen that businesses have brought changes in their business model and strategies. The adoption of technology has helped in taking smarter initiatives to utilise innovative and sustainable ideas. The businesses using traditional bricks and mortar business models are achieving a competitive edge by integrating technology and systems. They are utilising technology-enriched services and facilities to enhance the service quality and offer a more personalised retail experience. It not only enhances the overall performance of the retailers but also helps in attracting and retaining customers. Digital technologies have undoubtedly augmented the shopping experience (Edwards & Strathcole, 2020). To enhance the experience of customers, the businesses are paying attention to differentiation, which is helping in achieving a competitive edge. The use of radio frequency identification (RFID) technology and the integration of smart in-store technology applications have helped retailers in managing customer experiences. Businesses these days are paying attention to capturing data related to consumer behaviour and purchasing decisions, which helps in developing and enhancing strategies and processes. These changes and developments not only help businesses in retaining customers but also helps in enhancing customer level services, which leads to customer loyalty and satisfaction (Bacaj, 2019).

According to Retail Week (2020), advanced and innovative in-store technologies have influenced the retail settings of the brick-and-mortar businesses. The concept of smart shopping has emerged, which has led to the development of novel challenges and complexities. Researchers have identified that the Internet of Things technologies has become an essential part of the retail industry. The smart shopping carts, smart mirror interactive technology, augmented reality, smart kiosks, interactive displays, smart kiosks are some of the examples of in-store smart technologies. The smart applications have helped in the development of smart shelves, intelligent vending machines, smart advertising, smart fitting rooms, and screening robots. Some retailers are also taking advantage of the self-service technologies, which have replaced the customer-service employees with robots and systems, which influences the customer service levels positively. These technological changes have not only helped the retailers in attracting customers but have also helped in enhancing their experiences and satisfaction level (Fernando, Kumara, Mendis, Wettawa, & Samarasinghe, 2018, p.5). In this context, Nardal & Sahin (2015, p.193) claimed that the technological changes in the retail industries have led to the loss of jobs. These changes have also increased the costs of the retailers as they have to invest in advanced technology and have to stay upgraded and updated constantly. Moreover, it has been seen that the advancement in internet technology has helped businesses in achieving long term profitability. It has helped in meeting the changing needs of consumers.

Agag (2018, p.4) indicated that the use of RFID technology has helped retailers in managing their performance. The technology has helped in managing automation, asset management, and transparency. It has also increased the security level, traceability, and reliability. It also helps in gaining insights into the operations and consumers' purchasing decisions. It has helped in increasing and generating purchasing activities for different brands. It also helps in gaining an understanding of customer behaviour in real-time, which helps the business in integrating innovative strategies to improve and enhance its functions and processes. The information is utilised to formulate appropriate and sustainable strategies and approaches. In addition, Fernando, Kumara, Mendis, Wettawa, & Samarasinghe (2018, p.8) indicated that the concept of smart helps at retail stores has influenced the bricks-and-mortar model of retailers. The smart helps in preventing stock-out situations as the availability of products is automatically recorded and reported. It helps the stores in managing the restocking of inventory according to the demand. Its facilities in managing sales and profitability. The smart shelves include digital camera sensors and analytics technology, which helps in tracking the behaviour of shoppers related to the products on the shelves. It helps in maintaining better efficiency in inventory management and also helps in keeping track of the changes in consumer behaviour and attitude. It shows that retailers with bricks-and-mortar business models have evolved with time by taking advantage of technology and advanced information systems (Basit, Tahir, Khan, & Latif, 2017, p.109).

E-commerce refers to the trend of buying and selling products online. All over the world, the advancement of technology and digitalisation has contributed to the growth and development of e-commerce. With the emergence in the use of the internet, businesses realised the importance of buying and selling products online. The first online transaction was recorded in 1994, and since then the trend of e-commerce has been growing. Many e-commerce businesses have entered and gained success in the market. For example, Amazon and eBay entered the market based on the online retailing model and competed with traditional businesses (Chitrangda, 2016, p.556). Akhter (2016, p.7) stated that e-commerce involves online sources as a guide. It involves commercial transactions, which are conducted online. Moreover, e-commerce is defined as the sale or purchase of goods and services between different organisations using electronic transactions. According to Pi & Wang (2020, p.16), e-commerce is classified into four categories, which include Business to Business, Business to Consumer, Consumer to Business, and Consumer to Consumer.

Shift from Bricks and Mortar to E-Commerce Business Model

In the mid-1990s, the concept of business model gained attention as different scholars and practitioners started paying attention to the differences and similarities in businesses. It is defined as a content structure, which is designed to create value by exploiting different business opportunities. It involves the articulation of the logic, the data, and evidence that supports a value proposition for the customers. The model is developed to deliver value to the customers. The business model is also defined as the simplified representations of the value creation, proposition, and delivery within an organisational unit (Akhter, 2016, p2). As Basit, Tahir, Khan, & Latif (2017, p.1009) indicated that the retail landscape has dramatically changed with time as a result of multiple factors. Digitalisation is one of the primary factors that led to the transformation of the retail industry. The integration of digital technology into everyday life has significantly transformed the needs and demands of the consumers. It has been seen that customers are seeking value, availability, and accessibility while shopping. In the retail sector, it is believed that transformation and digitalisation have led to the creation of both opportunities and challenges for the businesses. The management of organisations needs to analyse the internal and external factors and environment to plan and develop strategies and approaches accordingly. These changes and developments have influenced the businesses to bring changes and developments in their business models and strategies so that they can cope with the growing challenges. Some researchers have highlighted the benefits of digitalisation for retailers as it has enabled retailers to manage and enhance customer relationships by utilising a new channel. It has also eased the marketing processes. While it has been seen that digitalisation has increased the number of businesses in the market, which has led to increasing competition and challenges for the businesses (Rajgopal, Mahajan, Sharma, & Udas, 2019, p.4).

Agag (2018, p.15) indicated that a business model is designed to ensure the deliverance of value to the customers. It explains how businesses create and deliver value, which helps in capturing the attention of consumers. The profitability and success of a business rely on how effectively and efficiently the business model complements the business strategies and goals. To understand the concept of business model, three components are defined, value creation, value proposition, and value capture. Value proposition refers to them what the company offers to its customers, which influences the customers to pay for it. Value creation is based on how the company creates and delivers value to its customers. Lastly, value capture sums up how the company generates profits, which helps in staying competitive. (Victor, Thoppan, Nathan, & Maria, (2018, p.13) highlighted that some researchers and theorists have used the term business strategy interchangeably for a business model. However, it is important to understand the difference between the two. The business models reflect the systems that define the different aspects of the business while business strategy is based on ensuring that the company is competitive and can differentiate from its competitors. The businesses need to develop a business model and business strategy that contributes to the achievement of a competitive edge. As compared to business strategies, the business models are more generic and can be easily copied by other businesses. The business model also helps in designing a conceptual framework, which helps in developing activities and strategies that can help in achieving the planned objectives (Sudaryanto, Subagio, Awaliyah, Wulandari, & Hanim, 2019, p.12).

Sudha & Sheena (2017, p.17) revealed that in the past few years, the digitalisation has led to increasing challenges for the brick-and-mortar retailing. The challenges have influenced the businesses to become smarter and offer greater value to the consumers. Continuous innovation and digitalisation have become critically important for retailers, which can help in achieving a competitive advantage. Hallikainen & Laukkanen (2018, p.99) claimed that in many countries, the traditional and brick-and-mortar retailers are shutting down their stores. They are shifting to incorporate the online presence into their business by introducing the e-commerce model. The decrease in the stores has been influenced by the changing needs of the consumers. It has helped the businesses in staying positive and profitable. In 2017, it was reported that around 6885 physical stores were closed in the United States. In 2019, another 8600 physical stores closed.

Pi & Wang (2020, p.14) indicated that the retail business models are specified as a specific retail business model (RBM). Two main characteristics of the retail businesses including selling products manufactured by others and directly interacting with the final customers. With the shift in consumer demands and needs, the retail businesses have transformed their business models and strategies to meet their needs. The businesses are rethinking a business model while paying attention to the retailing formats, activities, and governance. One retailer can integrate different formats as technology is advancing and they can utilise their channels to provide customers with relevant services (Cheng, 2019, p.17). Many economic and social factors have influenced the retailers to transform and adopt the technology. Some retailers have enhanced their channels to serve more customers as they are offering both physical store experience and online shopping experience. The integration of e-commerce methods has helped retailers in reaching more customers belonging to different segments. With the emergence of online shopping trends, it has been seen that many consumers are demanding online shopping options. They are looking for stores that can provide them with home deliveries for products and services. Online shopping is considered as more convenient as it allows consumers to easily compare and choose products after comparing them online. More and more retailers are offering online shopping facilities to the customers. It has helped in enhancing and managing more effective relationships with the customers. It has not only helped in enhancing the experiences of customers, which has led to satisfaction and loyalty (Vojvodic, 2019, p.9).

Fabri & Marquez (2019, p.26) stated that digitalization has influenced the retailers dramatically in the past few decades. It has changed the demands and needs of consumers. The customers find it more convenient to purchase products online as compared to visiting physical stores. As a result, it has been identified that brick and mortar businesses are facing tough competition from online businesses. Some brick and mortar businesses have also claimed bankruptcy in the past years. The literature indicates that the traditional and physical stores based on bricks and mortar models are focusing on how to create a pleasant and appealing experience for the customers. They are aiming to offer value using innovative aspects and services so that they can enhance the customer experience. The concept of providing a superior customer experience has highlighted the need for mixing features in one store, which is known as a mash-up. Retailers need to focus on how to make their stores attractive and appealing by combining with Omni channels (Kumar & Raju, 2013, p.39).

Factors Influencing Consumers Shopping Behaviour

According to Delafrooz, Rahmati, & Abdi (2019, p.8), the increasing competition has heightened the need for retaining customers along with focusing on attracting new customers. The cost of retaining an existing customer for businesses is less than acquiring a new one. It is identified that customer retention influences the profits of the business from 25 to 85%. Therefore, businesses must pay attention to customer loyalty and retention, which can be achieved by keeping customers satisfied. In consideration, Ghotnian, Vafadar, & Teymori (2018, p.24) highlighted the need for understanding factors that influence customer satisfaction. Primarily, it is essential to give priority to the changing needs and demands of the customers so that the products and services can be shaped and designed accordingly. Many psychologists, marketers, and consumer-behaviour theories have focused on understanding and explaining the customer's decision-making process. It helps in predicting the future purchasing intentions and behaviour of the customers. To maximise the repurchase intentions and loyalty, the businesses are required to pay attention to the factors influencing the customer choices. The literature has presented different purchase process theories and models for repurchase intent, which focuses on consumer's priorities and intensity of needs and wants related to a product (Dhadhal, 2018, p.1709).

Today, it has been seen that consumer behaviour is influenced by a number of motivational factors. The motivation to purchase a product is influenced by the need and demand. As compared to the past, today, consumers have become more demanding. With the advancement in technology, consumers pay attention to gathering information related to the products and brands. They utilise different mediums to gather information, which influences their purchasing decisions and behaviour. The internet has become one of the most common sources of information, which has influenced businesses to enhance their presence on the web. The gathered information allows consumers to make decisions based on the benefits and value offered by the business (Kumarr, 2019, p.6). It has been seen that businesses operating and dealing in different industries are continuously involved in assessing and evaluating consumer needs and demands. They are using different processes and tools to gather information related to customers. The use of technology has made it easier to gather information and understand the needs and requirements of the customers. the information helps enhance the strategies and products, which facilitates building and maintaining relationships with the customers (Fabri & Marquez, 2019, p.10).

Saha, Sharma, & Kumar (2019, p.19) indicated that the changes and developments in the technology, environment, culture, and social factors have significantly affected the choices of consumers related to different products and brands. The technology has helped in staying updated with the products, services, and brands available in the market. While it has been seen that globalisation has influenced the local culture and social factors. The changing market trends influence consumer behaviour, which has led to increasing their demands. The consumers seek products and services that exceed their expectations and offer value in return for money. They are willing to pay for the benefits and values. The social changes and developments have a significant impact on the needs of customers. Hence, the businesses are paying attention to effective marketing and advertising, which helps customers in realising their needs. Moreover, Accenture (2020) highlighted that consumer needs are influenced by the changes in the environment. For example, the current economic crisis and the Covid-19 pandemic situation have brought a shift in consumer needs and demands. The consumers have become more specific about the brands and values offered. They are looking for safe and healthy products that can meet their changing needs and requirements.

Impact of Covid-19 on Businesses

Bhaduri, et al. (2020, p.11) highlighted that the Covid-19 pandemic has affected the overall economy of the world. Many economies have shut down overnight. The government of different countries has implemented strategies to flatten the Covid-19 curve, which included social distancing, community lockdowns, and stay at home orders. Some countries also announced travel and mobility restrictions. Some industries have faced temporary closures while many businesses faced failure as a result of the incapability of dealing with the pandemic situation. The hospitality, tourism, food and beverage, and many other industries faced more challenges and complexities. Analysing the business environment during the pandemic, it was identified that the demand for food and FMCG products was affected majorly. Some products received more attention as its demand increased while the supply was restricted (Retail Thinktank, 2020). The Covid-19 pandemic resulted in a shift in the business environment as the political, economic, social, technological, environmental, and legal factors were affected. Along with this, it was identified that the consumer behaviour and decisions were also affected. The global economic downturn was identified, which affected the developing as well as the developed countries. The Covid-19 crisis exerted a profound impact on the businesses operating in different industries. The businesses faced the challenge of ensuring the health and safety of employees while also giving priority to ensuring the enhanced willingness of customers to patronise their businesses. The pandemic has also affected the marketing and management strategies implemented by the businesses. Many businesses identified the need to bring changes in their business models and strategies to cope with the situation so that they can sustain their position in the market (Pathak & Warpade, 2020, p.284).

Gursoy & Chi (2020, p.528) highlighted that businesses regardless of size have been affected by the economic impacts of a pandemic like Covid-19. The economic disruption has been identified across the world. Researchers and analysts are continuously focusing on finding out the level of impact of the Covid-19 pandemic on industries and businesses. While it is known that it is a recent situation and there is extremely limited data available to make any conclusions at this point. The extent of impact cannot be identified at this point. However, it has been seen that the impact of Covid-19 on small and medium businesses are disastrous (Batu, et al., 2020, p.12). The smaller firms are critical to sustaining a functioning economy as they assure the delivery of goods during the time of crisis. It has been identified that many small and medium-sized businesses have suspended their operations or have shut down during these times. While some businesses have transformed their business model and have integrated the e-commerce model. The disaster aid strategies are being highlighted and promoted by economists and researchers to control and minimise the risks so that the economy can be protected. As compared to large businesses, small and medium businesses are facing more challenges due to limited resources and capabilities. The biggest challenge to short and long-term recovery is the lack of financial resources. Most of the SMEs are at high risk for permanent closure after the disastrous impact of Covid-19 as they are unable to manage their expenses and position (Sharma & Jhamb, 2020, p.5).

3. Covid-19 and its Impact on Businesses in the UK

SMEs in the UK

Analysing the business environment of the UK, it was reported that in 2019, 5.9 million private sector businesses are operating in the environment. The number of businesses increased by 200,000 in 2019 as compared to 2018. Small and Medium Enterprises are defined by the number of employees. When the number of employees is less than 250, the business is considered as SMEs. In 2019, it was reported that 5.9 million SMEs were operating in the market of the UK. It makes up around 99% of the overall businesses. SMEs are further categorised as micro-businesses, which includes enterprises that have a maximum of 9 employees. These accounted for around 96% of all businesses in the UK (Rhodes & Ward, 2020).

The analysis of the private sector indicated that 1.4 million businesses consist of employees while 4.5 million had no employees. Out of the total number of businesses operating in the private sector, 35,600 were categorised as medium-sized businesses, which consisted of 50 to 249 employees. SMEs are significantly contributing to the economic growth and development of the UK (Statista, 2019). As compared to 2018, it has been seen that the business population has increased by 2.4 million. The annual growth in the business population has been reported as 3%. The analysis further indicated that the private sector businesses are not evenly distributed across the UK. 5.2 million private businesses exist in England, 124,000 exist in Northern Ireland, 334,000 are operating in Scotland, while 222,000 are functional in Wales. In London, there are around 1.1 million businesses. Similarly, in the South East of England, there are 940,000 private businesses. In the North of England, there are 152,000 private sector businesses. With time, the number of businesses is increasing as a result of improvement in the economic situation and growing opportunities in the UK. The South West, the South East of England, and London are considered as the most business populated countries as it has the highest business density rates (Merchant Savvy, 2020).

In the overall evaluation of the business environment of the UK, it has been identified that SMEs account for around 99.5% of the overall population. These businesses are operating in different industries and sectors. For example, one-fifth of the total SMEs are operating in the construction sector. While, less than 1% are operating in Mining, Utilities, and Quarrying sectors. A number of SMEs are operating in the Professional, Technical, and Scientific sectors, which makes up around 15% of the total businesses. Similarly, around 9% of the businesses are operating in the Wholesale and Retail Trade and Repair sectors. Overall, SMEs accounted for 60% of employment and contributed by a turnover of 52% at the beginning of 2019. The SMEs are majorly contributing to the Wholesale and Retail trade in the industrial sector (National Statistics, 2019).

Market Analysis

Examining the market of the UK, it has been identified that the British economy has achieved the position of the sixth-largest economy in the world. Since 2016, the economy has slowed down as a result of Brexit. In 2019, the GDP growth was recorded as 1.4% as compared to 2018. Since 2018, the business investments are falling while the consumption level has also decreased. The economic situation has resulted in a slowdown of the real economy while the public debt is 85% of the GDP. The inflation rate was also recorded at 1.8% (Accenture, 2020). The Government authorities are constantly involved in preparing for the situations after Brexit. It has resulted in a shift in legislative and administrative factors. Along with moderate growth in the economy, it has been seen that the employment rate has increased. 3.8% of unemployment was recorded in 2018. However, it is expected that this rate would increase by 2021 (Albonico, Mladenov, & Sharma, 2020).

The UK has been identified as one of the largest producing countries in the world. The agricultural sector of the UK is contributing to 0.6% of the GDP. However, it is high productivity and has helped in managing around 60% of the total food demand. The primary sector employs around 1% of the total population. Also, the fishing sector has been affected in recent years. The UK has some valuable mineral resources and has achieved the position of 10th largest oil producers in the world as it has natural gas reserves. However, it has been seen that the production in this sector is declining. The service sector of the UK employs more than 80% of the workforce. It is majorly contributing to the overall economy of the country. 70% of the GDP has been influenced by the service sector. Moreover, the banking sector of the UK is extremely dynamic. It consists of many multinationals that are operating on a large scale (Albonico, Mladenov, & Sharma, 2020).

Impact of Covid-19 on Business Performance, Strategies, and Products

At the beginning of 2020, it was identified that 5.9 million SMEs were operating in different industries. The business population in the private sector increased by 1.9% as compared to 2019. The analysis indicated that there were 5.94 million small businesses, which had 0 to 49 employees. Overall, the SMEs were around 99.9% of the business population. The total employment in SMEs has been recorded as 16.8 million. As compared to 2019, the total population of the business increased by 1.9%. From 2000, the business population has increased by 2.5 million. The highest rate of increase was identified between 2003 and 2004. Between 2017 and 2018, the business population decreased. The highest number of SMEs are operating in construction (FSB, 2020).

In the case of the UK, it has been identified that Covid-19 has significantly affected the economy. The output per worker lags around 10-15% behind Sweden, France, and Germany. SMEs contribute up to 50% of the total revenue of the UK's economy. It also employs around 44% of the labour force of the country. The Covid-19 has resulted in affecting the lives and livelihoods, which has affected the economy. The effect of the Covid-19 affected the SMEs performance across the UK. The impact of Covid-19 on SME performance across the UK is immense. Studying the impact of Covid-19, it has been found that SMEs are concerned about defaulting on loans. They are also facing challenges in attracting and retaining employees. Many corporations have laid off employees to manage their costs, which has also affected their ability to sustain and manage their supply chains. Many businesses have postponed their growth projects and initiatives, which has also resulted in affecting their ability to compete and grow. The SMEs are actively seeking support from the government to carry out their operations and respond to the changes as a result of Covid-19. The revenues have been greatly affected, which has also made it difficult for businesses to manage their position and reputation in the market (Le, Nguyen, Ngo, Pham, & Le, 2020, p.3684).

The Government and businesses in the UK need to address the long-term effects of the pandemic situation. They need to consider the long-standing shortfall in productivity, which can affect the economic variables in the long run. SMEs are considered the backbone of the economy. In March 2020, a strict lockdown was announced by the government. As a result, the closure of non-essential businesses occurred. As a result, the businesses had to shut down their operations, which led to affecting sales and profitability. The businesses operating in different sectors faced downfalls. The arts, entertainment, and recreation companies had to temporarily close their operations. All this led to the disruption in the supply chains. Overall, SMEs had to face an increase in rent and debts while they were unable to generate revenues. Approximately, 50% of the SMEs were unable to manage their business costs as their revenues and profitability declined. Moreover, the SMEs incurred bad debt and lost work, earnings, and their ability to repay the loans (FSB, 2020).

In response to the Covid-19 pandemic situation, it was found that many businesses have transformed their business models. Many retailers and manufacturers are using e-commerce models to meet the needs of consumers. As businesses had to shut down their physical operations, it led to affecting the sales. However, the shift to e-commerce allowed selling products online. It not only helps in managing sales but also helps in attracting and retaining customers. The use of technology helped businesses in coping with the current situation. It is known that the impact of Covid-19 is prominently visible, and it is expected to stay for a long-time. It has affected businesses in different ways, which has highlighted the need to take responsive measures to respond adequately. Actively considering the changes in the market trends and consumer needs can help in developing and managing strategies and approaches appropriately. It can help in dealing with the challenges, which can also help in overcoming the fear of managing businesses in the future (FSB, 2020).

Changes in Consumer Behaviour in 2020

Globally, market intelligence has revealed that consumers are paying more attention to what they buy and how they buy. They are constantly demanding value for money. The purchases are centred around the basic needs of people and how these needs and influencing the conscious purchasing attitude of consumers. In the UK, it has been seen that the outbreak of the Covid-19 has resulted in affecting the GDP. It is expected that by the end of 2020, the GDP would decline by 6.5%. The economy has been affected by the uncertainties resulting from the global pandemic situation (Accenture, 2020). From the analysis of consumer behaviour in response to the Covid-19 pandemic situation, it has been identified that the consumers are focusing on taking more wise decisions. They are choosing products that offer value. The choices are influenced by price, quality, and necessity. The demand for basic products has increased as many consumers are involved in panic shopping. This behaviour became more evident at the beginning of the pandemic, which was in March and April 2020 (Donthy & Gustafsson, 2020). However, as people have started getting familiar with the impact of Covid-19, they are focusing on making better choices. The purchasing decisions are influenced by their experiences, convenience, and need. Most consumers are paying attention to gather information related to the products and services so that they can make wise decisions (Statista, 2019).

It has been identified that the pandemic situation has profoundly influenced the way consumers belonging to different segments behave and live. It has also influenced the variables they value and how they carry out their shopping activities. Researchers believe that some changes are temporary while some believe that the changes are long-lasting. Covid-19 has undoubtedly reshaped industries and sectors. It has brought significant changes in market trends and consumer behaviour (National Statistics, 2019). Since March 2020, it has been seen that the consumer's sentiments and shopping behaviour have changed significantly. The consumers are more involved in online purchasing and shopping as compared to the past. They are looking for convenient options so that they can purchase products that meet their needs. The demand for local products has increased as imports have been restricted. It has provided opportunities for local businesses to take advantage of the changing consumption trends. Moreover, consumers are spending more money on essential goods. They choose healthy products for consumption. The trend of dining out and visiting restaurants has declined as a result of restrictions imposed by the government. Many changes in the behaviour have been influenced by the changes in the regulations and policies (Merchant Savvy, 2020).

4. Research Map and Justification

This part of the report presents the methods and techniques that were entailed during the research. Researchers need to choose the right methods and tools so that the purpose of research can be achieved. In the context of research, it has been seen that there are different methods available that must be selected according to the purpose and objectives of the study. The research onion was used to design the overall methodology, which helped in carrying out the overall research. The methodology is presented below presenting the justifications for the choices made.

Research Variables

During this research, two types of variables were selected, the dependent variable and the independent variable. These are presented below:

Independent Variable – Covid-19 pressure and consumer behaviour

Dependent Variable — SMEs in the UK

Research Hypothesis

Based on the research objectives and variables, two hypotheses have been generated, which are presented below:

H1: Covid-19 pressure has significantly influenced the performance and strategies of SMEs in the UK

H2: Covid-19 pandemic has influenced consumer behaviour that has increased pressure on SMEs in the UK

Research Philosophy

Bhatta (2018, p.75) indicated that the beliefs that influence data acquisition, analysis, and interpretation are considered as philosophies in the context of research. It is important to choose one of the philosophies so that the flow of the study can be managed accordingly. Based on the research onion, four types of philosophies have been identified, which include positivism, interpretivism, pragmatism, and realism. The researchers are required to choose one of these philosophies that can help in making the right choices to choose the right approaches during the study. The philosophy provides a direction to the researchers, which ensures that the research is on the right track (Almpanis, 2016, p.303).

Based on the analysis of the philosophies, it was identified that the pragmatism philosophy is based on the idea of giving priority to the research questions. Pragmatism allows choosing either qualitative or quantitative methods to gather information. Using pragmatism, it is easier to analyse and develop understanding related to different concepts and ideas. In addition, the ideas and concepts gathered using this philosophy can be tested and justified by using scientific approaches. Primarily, it helps in developing logical reasoning for the findings and allows gaining an in-depth review of the identified problems (Etikan & Bala, 2016, p.228).

On the other hand, realism philosophy is another type of research philosophy, which involves conducting scientific inquiries to identify reality. Based on this philosophy, the researchers are required to choose a scientific approach for gathering and analysing knowledge and information. Moreover, it helps in developing understanding related to the probability of abstract findings related to the independently existing world. When researchers are conducting scientific research, it is important to differentiate between discoveries and interventions, so they can choose realism. It involves the use of five senses to accept reality (Anguinis, Hill, & Bailey, 2019, p.15).

Wahyuni (2012, p.1) indicated that the positivism philosophy is based on observing and defining subjects using objective, logical, and critical beliefs. It is based on the idea that reality can be manipulated by involving different variables, which vary depending on different circumstances. Researchers using the positivism philosophy believe that reality can be manipulated by considering different variables and the variances in these variables. The use of positivism philosophy can help in predicting and observing the environment and the world to find out the objective truth. It helps in explaining realities and predicting the changes and developments. The affirmative nature of the philosophy influences researchers to understand the differences between what is true and what is false. The integration of scientific methods influences the overall research and ensures that the findings and knowledge are presented in a precise manner (Bhatta, 2018, p.76).

Lastly, interpretivism philosophy is a type of research philosophy that is based on subjective interpretation. It is the opposite of positivism philosophy and influences researchers to interpret reality. The focus on conducting research in a natural environment highlights the need for accessing reality based on social constructions. When the problem is interpreted, it includes an examination and investigation of the different variables and elements related to the topic and identified problems. Based on the interpretivism philosophy, researchers focus on analysing and interpreting the different aspects of the identified problems (Taherdoost, 2016, p.39).

In this study, the interpretivism philosophy was adopted as it helped in carrying an in-depth analysis of the research problem. It helped in identifying the changes forced by Covid-19 on the SMEs and how the consumer purchasing decisions have been influenced. The interpretivism philosophy allowed choosing a mixed research design, which helped in investigating the relationship between the selected variables of the study. The problem was investigated by interpreting the gathered data.

Research Design

Research design is an important part of the research method as it influences the data collection methods and instruments used in the study. The research design is based on structuring the research according to the objectives and problem statement. It gives a direction to the study and helps in making the right choices and decisions. Majorly, there are three types of research designs, which includes qualitative design, quantitative design, and the mixed research method (Melnikovas, 2018, p.31). The qualitative design involves gathering non-numeric data, which can be analysed and interpreted using non-statistical techniques. The quantitative design is based on gathering numerical data, which is analysed and evaluated using statistical techniques and methods. Lastly, the mixed research design involves the use of both qualitative and quantitative methods (Etikan & Bala, 2016, p.14).

During this research, a mixed research design was selected to conduct an in-depth analysis of the research problem. The study aimed to focus on the changes forced by Covid-19 on the SMEs and how consumer behaviour and purchasing decisions have changed. The quantitative data was gathered from primary sources while qualitative data was gathered from secondary sources. It helped in carrying out a scientific investigation to examine the level of impact.

Research Strategy

During the research, researchers are required to choose a strategy that influences their choices and actions. A research strategy is based on giving a direction to the research. It is critical for researchers to choose the right strategies so that the study can be carried out scientifically and logically. Different types of research strategies have been identified, which include action research, survey strategy, archival research, experimenting, and case studies (Fleming & Zegwaard, 2018). Reviewing the different research strategies, it is found that action research is based on conducting a practical investigation. It is based on integrating evaluative and analytical methods to analyse the research problem. The action research method is mainly used when researchers aim to diagnose a problem that requires investigation and evaluation of different reasons and factors involved (Saunders, Thornhill, & Lewis, 2009, p.30).

The survey research strategy is based on involving respondents and participants in research. It is based on gathering information from humans involved or influenced by the identified problems. To conduct a survey, interviews or questionnaires are used as tools for gathering data. It is a cost-effective method, which is commonly used (Almpanis, 2016, p.16). On the contrary, the archival research strategy is based on gathering and evaluating the historical data. It is based on a secondary data collection method. Researchers use archival research when they are conducting research on any historical event. It involves visiting a repository that consists of stored information and records (Basias & Pollalis, 2017, p.76).

The experimenting research strategy is based on the integration of scientific methods to discover information. It is generally selected to analyse the casual relationship between variables under the study. The strategy involves manipulating and changing variables to examine the relationship (Daniel, 2016, p.18). Lastly, the case study strategy involves conducting research by focusing on a case. It is based on gathering information and developing understanding accordingly. The case study strategy involves an empirical inquiry that is commonly adopted by researchers in social sciences. The in-depth analysis facilitates in exploring and investigating the reasons related to underlying principles. It is more effective when reviewing and analysing problems in real-life contexts (Harrison, Birks, Franklin, & Mills, 2017, p.19).

In this research, the survey strategy was adopted. The research problem was investigated by involving participants and gathering data by conducting surveys. The survey method is appropriate for research carried out in social sciences and is considered as a cost-effective method. The survey strategy is easy to manage and administer and also involves less time as compared to other data collection methods. It facilitated in gathering relevant and reliable data, which helped in reviewing and evaluating the identified problems and helped in answering the research problem.

Data Collection Methods

Mohajan (2018, p.3) highlighted that based on the research onion and researches carried out earlier, there are two types of data collection methods. These include primary and secondary data collection methods. The researchers need to choose the right method according to the objectives and purpose of the study. The primary method involves collecting first-hand data. The data is primarily collected for the current research considering the selected variables and hypothesis. On the contrary, the secondary data collection involves the collection of available data from the existing sources. It is not considered as new data. It has been published or reported earlier by other researchers (Mufleh, 2016, p.4).

Considering the two types of data collection methods, in this study, both primary and secondary methods were integrated. The primary methods involved helped gather data using a questionnaire. It helped in finding out the changes forced by Covid-19 on SMEs and how these changes are influencing the consumer behaviour and purchasing decisions related to the products and services offered by the SMEs. While, the secondary data was gathered from research articles, published journals, books, relevant reports, and websites, and news sites. The secondary data helped in developing an understanding of relevant concepts related to consumer behaviour, influencing factors, SMEs, impact of different factors on the business models, shift towards e-commerce models, and many more. Throughout the study, only relevant and reliable sources were selected and integrated.

Instruments of Data Collection

Mohajan (2018, p.18) stated that data collection is an integral part of the research. It is important to choose the right instruments for data collection based on the research design and approach. In this case, a questionnaire was chosen as a tool for primary data collection. A semi-structured questionnaire was designed, which consisted of closed-ended questions. The questionnaire was developed considering the research problem and the selected dependent and independent variables. Likert scale was used to develop multiple choices for the included statements. It helped respondents in answering the questionnaire quickly and easily. The questionnaire also consisted of some personal questions, which were included to manage the reliability and validity of the data. The questionnaire was designed using Google Forms. The link to the questionnaire was generated and shared via emails and social networking sites. It helped in gathering relevant responses in a short period, which supported the study and its completion.

Validity of Instruments

For the validity of the questionnaire, a pilot testing method was applied. Pilot testing is based on using a small sample size to gather information by using the selected instrument of data collection. If the small sample provides relevant results and findings that support the study, it proves that the instrument is valid (Ragab & Arisha, 2018, p.10). In this case, 25 questionnaires were distributed for pilot testing. Then, the reliability test, descriptive frequencies, and regression model were used to examine the data. The findings were relevant and reliable based on pilot testing. It ensured that the selected instrument is valid for this research.

Population, Sample, and Sampling Technique

A population refers to the large collection of individuals or objects. When conducting research, it is important for researchers to determine the population that they intend to target during the research. The focus is based on identifying the population so that the right sample can be chosen Bhatta (2018, p.390). In this study, the population of the UK was targeted. The study focused on examining the changes forced by Covid-19 on the SMEs, so the SMEs of the UK market were targeted during the research. One the population is chosen, it is important to integrate a sampling technique to select a sample, which is a subset of the population. Mainly, two types of sampling techniques have been identified, which include probability and non-probability sampling. In this case, the non-probability sampling technique was selected as the chances of being selected from the population was not equal. Further, it was identified that there are different types of non-probability sampling techniques, which include quota sampling, convenience-based sampling, purposive, random, stratified sampling, and snow-ball sampling methods. Each of these have a different impact on the overall sample selected during. It is important to choose the right sampling technique according to the needs of the study.

Considering the different sampling techniques, the purposive sampling technique was selected. The reason for the selection was that purposive sampling is based on choosing respondents who have relevant knowledge related to the research topic and stated problems. In this case, the changes forced by Covid-19 on small and medium businesses were being examined. So, the purposive sampling helped in choosing people who know how Covid-19 has affected the business model and strategies of SMEs, and how it has affected the consumption decisions and behaviour patterns of consumers related to the products and services offered by the SMEs.

The study aims to examine the changes forced by Covid-19 on small and medium businesses and consumer behaviour towards the products. So, the study targets the owners, employees, and staff of the small and medium businesses. A sample size of 250 respondents was selected so that the findings can be justified.

Data Analysis Techniques

Daniel (2016, p.34) indicated that data analysis is based on the integration of tools and techniques to define the data. It allows interpreting the data to develop findings, which can answer the research question. In this research, quantitative data was gathered using a questionnaire. So, SPSS was used for the analysis purpose. SPSS provides different tools and techniques, which can be applied to the data for analysis. In this case, the reliability of the data was checked primarily to ensure that the data is reliable for the analysis. Then, the descriptive frequencies helped in describing the respondents. It helped in grouping the respondents based on the characteristics. Lastly, the regression model was used to study the impact of the selected independent and dependent variables. It helped in answering the research question and competition of the study.

Research Ethics

Following the research, ethics is an important part of the research process. It is important to make the right choices that are morally acceptable (Almpanis, 2016, p.21). So, during this study, ethical actions were given priority. Firstly, during the data collection, the consent of the respondents was given high priority. They participated in the research willingly by sharing their perspectives and opinions. Secondly, the privacy and confidentiality of the personal data were given high priority. The respondents were ensured that the personal data will only be used for research purposes and would not be disclosed. Thirdly, the reliability and authenticity of the data were given priority. So, the data was not misinterpreted or misquoted anywhere during the research. During the research, it was ensured that no one was harmed in any manner. Lastly, all the secondary sources used during the research were cited in the study to give credit to the original authors and sources. These ethical approaches helped in ensuring that the overall research meets the research criteria.

5. Results

In this chapter, the results and findings are presented based on the analysis of the data gathered during the research. The study involved collection of quantitative data using primary methods while qualitative data was gathered from secondary sources. For the analysis of the quantitative data, SPSS was used, which helped in applying different statistical tests and techniques. SPSS is commonly used as it helps in conveniently applying techniques to test the data, which helps in verifying the hypothesis. Further, the chapter presents a comparison of the primary and secondary data, which helped in developing the findings of the study.

Reliability Analysis

Table 1: Case Processing Summary

		N	%
Cases	Valid	250	100.0
	Excluded	0	.0
	Total	250	100.0

a. Listwise deletion based on all variables in the procedure.

The case processing summary presents a summary of the cases that were included in this study. Overall, 250 was the sample and 250 questionnaires were distributed accordingly. All the cases were valid and included in the analysis.

Table 2: Reliability Statistics

Cronbach's Alpha	N of Items
.656	31

The reliability statistics presents the overall reliability of the data gathered during this study. As the table presented, the Cronbach's Alpha value is 0.656 while the N of Items is 31. The N of items indicate the number of questions that were included in the questionnaire. While the Cronbach's alpha value proves that the data was 65.6% reliable. The reliability was weak but acceptable. A higher sample size would have helped in gaining higher reliability.

Frequencies

Table 3: Statistics

		Gender	Age	Qualifications	Sector	Q5	Q6	Q7
N	Valid	250	250	250	250	250	250	250
	Missing	0	0	0	0	0	0	0

The frequencies statistics presented above indicates the number of valid cases included in this study, which was 250.

Descriptive Statistics

The descriptive statistics is one of the statistical tests used to group the responses and identify the frequency of the responses. SPSS was used for applying the descriptive statistics.

Gender

Table 4: Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	128	51.2	51.2	51.2
	Female	122	48.8	48.8	100.0
	Total	250	100.0	100.0	

The respondents were asked to share their gender by choosing one of the options. The descriptive statistics indicate that 51.2% of the respondents were male while 48.8% were females. The analysis has helped in identifying that both male and female respondents were available as a part of the small and medium enterprises in the UK.

Age

Table 5: Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-28	35	14.0	14.0	22.0
	29-38	72	28.8	28.8	42.8
	39-48	102	40.8	40.8	83.6
	49 and above	41	16.4	16.4	100.0
	Total	250	100.0	100.0	

The respondents were asked to share their age groups by choosing one of the options. From the analysis, it has been identified that only 14% of the respondents belong to the 18-28 group. 28.8% of the respondents belonged to the age group of 29-38, 40.8% belong to the group 39-48, and 16.4% belong to the group of 49 and above. The analysis proved that the highest number of respondents belong to the group of 39 to 48. The participants involved in the study had relevant knowledge and understanding related to the research problem and area of the study.

Qualifications

Table 6: Qualifications

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Undergraduate	15	6.0	6.0	6.0
	Graduate	183	73.2	73.2	79.2
	Post-Graduate	52	20.8	20.8	100.0
	Total	250	100.0	100.0	

The respondents were asked to share their qualifications by choosing one of the given options. From the analysis, it has been identified that only 6% of the respondents were undergraduates, 73% were graduates, and 20.8% of the respondents were post graduate. It proved that the respondents involved in the study were educated and qualified. Their responses and opinions were based on their knowledge and understanding related to the impact of Covid-19 on SMEs in the UK.

Sector

Table 7: Sector

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	FMCG	42	16.8	16.8	16.8
	IT	65	26.0	26.0	42.8
	Banking	67	26.8	26.8	69.6
	Food and Beverages	51	20.4	20.4	90.0
	Healthcare	22	8.8	8.8	98.8
	Beauty	3	1.2	1.2	100.0
	Total	250	100.0	100.0	

Further, the respondents were asked to choose one of the sectors in which their business is operating. 16.8% of the respondents belong to the FMCG sector, 26% belonged to IT, 26.8% belonged to the Banking sector, 20.4% belonged to the Food and Beverages sector, 8.8% belonged to healthcare, and 1.2% belonged to the beauty sector. The analysis indicates that all the respondents belong to different sectors, so their views and opinions vary accordingly.

Business Category

Table 8: Business Categorised as SME

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	250	100.0	100.0	100.0

The respondents were asked to share if their business can be categorized as SME or not. From the responses, it was found that all the respondents chose Yes. The study mainly targeted SMEs, so the respondents were selected accordingly.

Covid-19 and its Pressure on Businesses

Table 9: Covid-19 Increased Pressure on the Businesses

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	239	95.6	95.6	95.6
	No	11	4.4	4.4	100.0
	Total	250	100.0	100.0	

The respondents were further asked to share their views on whether Covid-19 has increased pressure on the business or not. The analysis indicated that 95% of the respondents agree that Covid-19 pandemic has increased pressure on their business. While 4.4% of the respondents disagreed. The varying responses might be a result of lack of understanding of the impact or it might be a result of varying levels of impact. In some cases, Covid-19 has highly influenced the different aspects of business while in some cases, it has influenced some areas and functions only.

Role in Organisation

Table 10: Role in Organisation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Owner	60	24.0	24.0	24.0
	Manager	129	51.6	51.6	75.6
	Employee	61	24.4	24.4	100.0
	Total	250	100.0	100.0	

The respondents were asked about their role in the organization, which can help in determining how they view the impact of Covid-19 and what is their level of understanding. It was identified that 24% of the respondents were the owners, 51.6% were working on managerial level, while 24.4% were working as employees. The differences in the role helped in determining the impact of Covid-19 on businesses based on different views and perspectives.

Regression Analysis

To test the hypothesis and test the relationship between the variables, it is important to choose the right statistical tests and methods. It can help in examining the level of impact. In this case, to determine the impact of Covid-19, the regression analysis was applied. The regression model is commonly adopted by researchers to statistically analyse how one variable influences the other and how much variance occurs in one variable as a result of another. Mainly, two types of regression models have been identified, which include linear and multi linear regression models. It is important for the researchers to choose a model according to the purpose and variables selected in the study. The linear regression model can be used when there is one dependent variable and one or multiple independent variables. Contrarily, the multi linear regression model can be applied when there are multiple dependent and multiple independent variables.

In this case, the dependent variable was SMEs in the UK while the independent variable was consumer behaviour and Covid-19 pressure. The overall research was based on finding out how Covid-19 has influenced consumer behaviour and how it has influenced the SMEs in the UK. So, the linear regression model was applied to find out the impact. The test was applied using SPSS, which helped in applying the selected statistical techniques. The application of linear regression models resulted in the development of Model Summary, Anova, and Coefficients tables.

In this case, two independent variables were taken, consumer behaviour during the pandemic situation and Covid-19 itself. So, the regression model was applied one by one to examine the impact of the variables. The model summary table helps in determining the summarised data, which helped in carrying out the research. The R-value presents the correlation between the selected variables while R-square helps in finding out the level of impact and variance in the variables. The degree of variance can help in finding out whether the relationship is strong or weak. The anova table on the other hand provides information-related to the source of variance, which can be either regression or residual. F-value presents the significance of variables while sig value proves the existence of the relationship. The coefficients table is also formed as a result of the applied test, which helps in determining the existence of a correlation between the variables. The sig value helps in justifying the acceptance and rejection of the hypothesis. The analysis of the regression model applied on the data gathered from questionnaires in this study is presented below:

Table 11: Model Summary for Covid-19 Pressure as Independent Variable

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.928a	.862	.861	.142
a. Predictors: (Constant), Covid-19 pressure				

In this case, it has been identified that Covid-19 pressure is taken as the independent variable while SMEs in the UK is taken as the dependent variable. The R-value is 0.928 while R-square value is 0.862. It means that the Covid-19 pressure has resulted in affecting the SMEs in the UK by 86.2%. The variation as a result of the pandemic changes is identified as 86.2%, which indicates a strong relationship. It has been proved that the level of impact is strong. So, the model summary proves that there is a relationship, which can be tested using the regression model.

Table 12: Anova for Covid-19 Pressure as Independent Variable

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27.486	1	27.486	1357.984	.000b
	Residual	4.412	218	.020		
	Total	31.898	219			
a. Dependent Variable: SMEs						
b. Predictors: (Constant), Covid-19 pressure						

The Anova table presents that F-value was 148.315, which is greater than the test value, which was 4 in this case. It proves the existence of a relationship between the selected variables. Further, it has been seen that the sig value is 0.00. Based on the rule of thumb, it is known that if the sig value is greater than 0.05, the relationship is rejected. However, if the sig value is lesser than 0.05, the relationship between the variables is rejected. In this case, it is 0.00, so the relationship between changes imposed by Covid-19 and SMEs in the UK has been proved.

Table 13: Coefficients for Covid-19 Pressure as Independent Variable

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-.950	.129		-7.348	.000
	Covid-19 pressure	1.218	.033	.928	36.851	.000
a. Dependent Variable: SMEs						

The coefficients table presented above helps in determining the correlation between variables. In this case, it has been identified that the sig value is again lesser than the alpha value. So, the H1 is accepted that Covid-19 pressure has significantly influenced the performance and strategies of SMEs in the UK. The t-value is positive, which indicates a positive relationship. Theoretically, it is known that Covid-19 pandemic situation has increased pressure on the businesses, which has resulted in imposing different types of changes at different levels. The primary data also proved this impact.

Table 14: Model Summary of Consumer Behaviour as Independent Variable

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.066a	.004	.000	.382
a. Predictors: (Constant), Consumer Behaviour				

In this case, it has been identified that consumer behaviour is taken as the independent variable while SMEs in the UK is taken as the dependent variable. The R-value is 0.066 while R-square value is 0.004. It means that the consumer behaviour changes during Covid-19 have resulted in affecting the SMEs in the UK by 6.6% only. The variation as a result of the consumer behavioural changes is identified as 4% only, which indicates a very weak relationship. It has been proved that the level of impact is very weak, but there is a relationship. So, the model summary proves that there is a relationship, which can be tested using the regression model.

Table 15: Anova as Independent Variable

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.138	1	.138	.946	.332b
	Residual	31.761	218	.146		
	Total	31.898	219			
a. Dependent Variable: SMEs						
b. Predictors: (Constant), Consumer Behaviour						

The Anova table presents that F-value was 0.946, which is lesser than the test value, which was 4 in this case. It proves the existence of a relationship between the selected variables. Further, it has been seen that the sig value is 0.332. Based on the rule of thumb, it is known that if the sig value is greater than 0.05, the relationship is rejected. However, if the sig value is lesser than 0.05, the relationship between the variables is rejected. In this case, it is 0.332, so the relationship between consumer behavioural changes imposed by Covid-19 and SMEs in the UK has been rejected.

Table 16: Coefficients of Consumer Behaviour as Independent Variable

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.541	.270		13.117	.000
	Consumer Behaviour	.068	.070	.066	.972	.332
a. Dependent Variable: SMEs						

The coefficients table presented above helps in determining the correlation between variables. In this case, it has been identified that the sig value is higher than the alpha value. So, the H2 is rejected that consumer behavioural changes do not influence the performance and strategies of SMEs in the UK. The t-value is positive, which indicates a positive relationship. Theoretically, it is known that Covid-19 pandemic situation has changed consumer behaviour, but it does not have a significant impact on the SMEs in the UK.

Summary of Findings

The analysis of the primary findings was based on finding out how the Covid-19 pressure and consumer behaviour are influencing the SMEs in the UK. It is known that the pandemic situation has affected economies and businesses globally. The primary findings proved that Covid-19 pressure has resulted in significantly influencing the SMEs in the UK. Many businesses have faced losses as a result of the lockdown and restrictions imposed by the government. Supply chain disruption has been identified. While it has been seen that the businesses are facing a tough time in managing their operations and processes (Albonico, Mladenov, & Sharma, 2020, p.18). The analysis proved that the pressure has influenced the businesses to shift their bricks-and-mortar model to e-commerce. It has helped in managing sales and profitability. However, the decline in income and revenues cannot be ignored. The pressure has also resulted in increased costs as the businesses are transforming their strategies and approaches. They are investing more in marketing and development along with investing in research and development. To cope with the challenges, it is important to use innovative and creative approaches (Le, Nguyen, Ngo, Pham, & Le, 2020, p.15).

On the other hand, the study focused on finding out the impact of consumer behaviour, which resulted from Covid-19 on SMEs in the UK. The analysis of the primary findings indicated that consumer behaviour does not have a significant impact on SMEs in the UK. This is due to the fact SMEs have achieved a strong position and reputation in the market. Most businesses are using e-commerce models to carry out their operations and meet the needs of the consumers. It has helped in connecting with the customers. The lower significance identified might be a result of a small sample size. The results proved that Covid-19 pressure is higher as compared to the impact of consumer behaviour.

Studying the impact of Covid-19 pressure on the business, it has been identified that it has led to a transformation in the business models and processes. Dramatic shifts have been identified as the businesses are responding to the changing market trends and consumer behaviour. Based on the analysis of the secondary reports and data, it has been found that Covid-19 has significantly changed the consumer's purchasing habits, behaviour, and attitude. It is expected that these changes are long-term and would remain constant after the pandemic too. The changing consumer behaviours have started influencing and transforming the industries. Currently, the impact is visible in terms of changes in sales and consumption patterns. Analysts believe that these changes can pose both challenges and opportunities for businesses operating in different industries.

Considering the changes in consumer behaviour, the analysts believe that businesses must focus on understanding the changing behaviour of consumers by using different parameters. It can help in identifying both opportunities and threats that the business might face in the coming years. Understanding the changing consumer behaviour is crucial for the development of business strategies and approaches. It can also help in adapting to new and emerging consumer trends. Focusing on how consumers are reacting to the pandemic can also help in shaping and designing the marketing strategies, which can help in influencing the consumers belonging to different segments and groups. The analysis also indicated that a dramatic shift has been identified in the business models as consumers are opting for online shopping. Rather than visiting stores, they are choosing online stores to order products according to their needs.

6. Summary, Conclusions, Recommendations

Conclusion

The recent Covid-19 outbreak has significantly influenced the business environment. Some businesses adopted changes in their functions, operations, and models actively. Since the beginning of 2020, the Covid-19 outbreak has gained attention. It has affected different countries around the world. People including business owners, managers, and consumers have become increasingly concerned about the impact of Covid-19 from the economic and health perspectives. When the pandemic situation was identified, people panicked a lot. They started feeling anxious and panic-buying was identified. Some consumers shopped in bulk so that they have excess supplies available at home. While some consumers remained indifferent to the situation. As a result of Covid-19, researchers have identified changes in the behaviour, attitudes, and purchasing decisions of consumers. It is expected that these changes would remain post-pandemic.

A shift in consumption and shopping pattern has been identified as the people are preferring the purchase of local products. As a result of Covid-19, economic activities that involve close physical contact have been restricted by the government. Governments around the world are placing containment measures to slow down the spread rate of infection. Lockdowns and border closures have severely restricted economic activities. The businesses and consumers are choosing for social distancing to avoid potential contagion and physical proximity. Researchers claim that changes in consumer behaviour have a significant impact on business strategies and approaches. The success of a business relies on how effectively it manages to meet the needs of consumers. The increasing competition and challenges in the business world are influencing businesses to continuously pay attention to effectiveness, innovation, and consumer demands. Covid-19 pandemic has affected the overall economy of the world. Many economies have shut down overnight. The Covid-19 pandemic resulted in a shift in the business environment as the political, economic, social, technological, environmental, and legal factors were affected. Along with this, it was identified that the consumer behaviour and decisions were also affected.

The smaller firms are critical to sustaining a functioning economy as they assure the delivery of goods during the time of crisis. It has been identified that many small and medium-sized businesses have suspended their operations or have shut down during these times. While some businesses have transformed their business model and have integrated the e-commerce model. Analysing the business environment of the UK, it was reported that in 2019, 5.9 million private sector businesses are operating in the environment. The number of businesses increased by 200,000 in 2019 as compared to 2018. The analysis of the primary findings was based on finding out how the Covid-19 pressure and consumer behaviour are influencing the SMEs in the UK. Many businesses have faced losses as a result of the lockdown and restrictions imposed by the government. Supply chain disruption has been identified. While it has been seen that the businesses are facing a tough time in managing their operations and processes. The pressure has also resulted in increased costs as the businesses are transforming their strategies and approaches. They are investing more in marketing and development along with investing in research and development. Studying the impact of Covid-19 pressure on the business, it has been identified that It has led to a transformation in the business models and processes. Dramatic shifts have been identified as the businesses are responding to the changing market trends and consumer behaviour. Focusing on how consumers are reacting to the pandemic can also help in shaping and designing the marketing strategies, which can help in influencing the consumers belonging to different segments and groups.

Recommendations

Based on the analysis of the primary and secondary findings, the following recommendations have been made, which can help SMEs in the UK in coping with the current situation:

- The SMEs require the support of the Government and policymakers to overcome the impact of Covid-19 in the long run. They need financial and legal assistance to manage their position and performance.
- The businesses are required to invest in research and development so that they can identify the changing trends and elements of the market. It can help in responding adequately, which can contribute to enhancing the ability to compete and grow.
- SMEs must pay attention to consumer needs and demands. They must focus on purchasing behaviour and decisions, which can help in developing marketing and sales strategies. It can help in attracting and retaining customers belonging to different segments.
- The forced changes must be planned considering the available resources and capabilities. They need to manage costs by integrating innovative ideas, which can help in competing and growing.
- The analysis of the market must focus on identifying the emerging challenges and opportunities. Strategies must be developed to overcome the challenges and avail the emerging opportunities, which can help the business in the long run.

7. Bibliography

[1] Agag, G. (2018). E-commerce Ethics and Its Impact on Buyer Repurchase Intentions and Loyalty: An Empirical Study of Small and Medium Egyptian Businesses. *Journal of Business Ethics, 12*(1), 1-18.

[2] Akhter, F. (2016). Cultural Dimensions of Behaviors Towards ECommerce in a Developing Country Context. *(IJACSA) International Journal of Advanced Computer Science and Applications,, 7*(4), 1-15. https://doi.org/10.14569/IJACSA.2016.070413

[3] Albonico, M., Mladenov, Z., & Sharma, R. (2020). *How the COVID-19 crisis is affecting UK small and medium-size enterprises.* UK: McKinsey & Company.

[4] Almpanis, T. (2016). Using a Mixed Methods Research Design in a Study Investigating the 'Heads of e-Learning' Perspective towards Technology Enhanced Learning. *The Electronic Journal of e-Learning, 14*(5), 301-311.

[5] Anguinis, H., Hill, N., & Bailey, J. (2019). Best Practices in Data Collection and Preparation: Recommendations for Reviewers, Editors, and Authors. *Organizational Research Methods, 3*(1), 1-16.

[6] Bacaj, J. (2019). *4 Ways To Improve Retail Training*. Retrieved April 16, 2020, from https://elearningindustry.com/improve-retail-training-ways

[7] Basias, N., & Pollalis, Y. (2017). Quantitative and Qualitative Research in Business & Technology: Justifying a Suitable Research Methodology. *Review of Integrative Business and Economics Research, 7*(1), 91-105.

[8] Basit, A., Tahir, A., Khan, M., & Latif, M. (2017). Tacit Knowledge Augmented Customer Relationship Management Systems: An Empirical Investigation. *Pakistan Journal of Commerce and Social Sciences, 11*(3), 1005-1026.

[9] Batu, A., Bruma, I., Tanasa, L., Rodino, S., Vasiliu, C., Dobos, S., & Butu, M. (2020). The Impact of COVID-19 Crisis upon the Consumer Buying Behavior of Fresh Vegetables Directly from Local Producers. Case Study: The Quarantined Area of Suceava County, Romania. *International Journal of Environmental Research and Public Health, 17*(5485), 1-24. https://doi.org/10.3390/ijerph17155485

[10] Bhaduri, G., Cao, H., Chang, H., Hahn, K., Lee, S., Schofield, S., & Yurchisin, J. (2020). Fashion and Textiles in COVID-19 Global Pandemic: Challenges and Opportunities Open Access. *Special Issue for Clothing and Textiles Research Journal (CTRJ), 1*(1), 1-15.

[11] Bhatta, T. (2018). Case Study Research, Philosophical Position and Theory Building: A Methodological Discussion. *Dhaulagiri Journal of Sociology and Anthropology, 12*(1), 72-79. https://doi.org/10.3126/dsaj.v12i0.22182

[12] Cheng, E. (2019). Understanding the webrooming phenomenon: Shopping motivation, channel-related benefits and costs. *International Journal of Retail and Distribution, 47*(10), 12-17. https://doi.org/10.1108/IJRDM-01-2019-0026

[13] Chitrangda, A. (2016). E-commerce: Business & Legal Ethics. *International Journal of scientific research and management, 2*(2), 550-558.

[14] Daniel, E. (2016). The Usefulness of Qualitative and Quantitative Approaches and Methods in Researching Problem-Solving Ability in Science Education Curriculum. *Journal of Education and Practice, 7*(15), 1-15.

[15] Delafrooz, N., Rahmati, Y., & Abdi, M. (2019). The influence of electronic word of mouth on Instagram users: An emphasis on consumer socialization framework. *Cogent Business & Management, 6*(1), 1-12. https://doi.org/10.1080/23311975.2019.1606973

[16] Dhadhal, C. (2018). Brand Preference of Consumers for Selected Brands of FMCG Products. *RA Journal of Applied Research, 4*(5), 1708-1712. https://doi.org/10.31142/rajar/v4i5.06

[17] Donthy, N., & Gustafsson, A. (2020). Effects of COVID-19 on business and research. *Journal of Business Research, 117*(1), 284-289. https://doi.org/10.1016/j.jbusres.2020.06.008

[18] Etikan, I., & Bala, K. (2016). Sampling and sampling methods. *Biometrics & Biostatistics International Journal, 1*(2), 216-224.

[19] Fabri, L., & Marquez, I. (2019). Will E-Commerce Dominate Physical Store? *International Journal of Technology for Business (IJTB), 2*(1), 23-29.

[20] Fernando, H., Kumara, H., Mendis, H., Wettawa, W., & Samarasinghe, H. (2018). Effects of Brand Experience on Consumer Brand Loyalty in Fashion Retail Industry: Moderating the Role of Gender. *Global Journal of Management and Business Research: E Marketing, 18*(7), 1-6.

[21] Fleming, J., & Zegwaard, K. (2018). Methodologies, methods and ethical considerations for conducting research in work-integrated learning. *International Journal of Work-Integrated Learning, 19*(3), 205-213.

[22] Ghotnian, S., Vafadar, M., & Teymori, S. (2018). Consumer behavior in the new methods of ebusiness. *Journal of Novel Applied Sciences, 7*(2), 22-25.

[23] Gursoy, D., & Chi, C. (2020). Effects of COVID-19 pandemic on hospitality industry: review of the current situations and a research agenda. *Journal of Hospitality Marketing & Management, 29*(5), 527-529. https://doi.org/10.1080/19368623.2020.1788231

[24] Hallikainen, H., & Laukkanen, T. (2018). National culture and consumer trust in e-commerce. *International Journal of Information Management, 38*(1), 97-106. https://doi.org/10.1016/j.ijinfomgt.2017.07.002

[25] Harrison, H., Birks, M., Franklin, R., & Mills, J. (2017). Case Study Research: Foundations and Methodological Orientations. *Qualitative Social Research, 18*(1), 1-8.

[26] Kumar, P., & Raju, V. (2013). The Role of Advertising in Consumer Decision Making. *IOSR Journal of Business and Management, 14*(4), 37-45. https://doi.org/10.9790/487X-1443745

[27] Kumarr, A. (2019). Factors Influencing Consumer Behaviour. *Journal of Emerging Technologies and Innovative Research, 6*(8), 757-765.

[28] Le, H., Nguyen, T., Ngo, C., Pham, T., & Le, T. (2020). Policy related factors affecting the survival and development of SMEs in the context of Covid 19 pandemic. *Management Science Letters, 10*(1), 3683-3692. https://doi.org/10.5267/j.msl.2020.6.025

[29] Melnikovas, A. (2018). Towards an Explicit Research Methodology: Adapting Research Onion Model for Futures Studies. *Journal of Futures Studies, 23*(2), 29-44.

[30] Mohajan, H. (2018). Qualitative Research Methodology in Social Sciences and Related Subjects. *Journal of Economic Development, Environment and People, 7*(1), 23-48. https://doi.org/10.26458/jedep.v7i1.571

[31] Mufleh, M. (2016). Research Methods Review In The Knowledge Management(Km) And Total Quality Management(Tqm) Studies. *International Journal of Research, 29*(3), 31-48.

[32] Nardal, S., & Sahin, A. (2015). Ethical issues in e-commerce on the basis of online retailing. *Journal of Social Sciences, 7*(2), 190-198. https://doi.org/10.3844/jssp.2011.190.198

[33] National Statistics. (2019). *Business Population Estimates For The Uk And The Regions 2019.* UK: Statistical Release.

[34] Pathak, G., & Warpade, S. (2020). Impact of Lockdown Due to COVID-19 on Consumer Behaviour While Selecting Retailer for Essential Goods. *Zeichen, 6*(7), 282-289.

[35] Pi, S., & Wang, Y. (2020). An E-Tailer's Operational Strategy under Different Supply Chain Structures. *Sustainability, 12*(2141), 1-20. https://doi.org/10.3390/su12052141

[36] Ragab, M., & Arisha, A. (2018). Research Methodology in Business: A Starter's Guide. *Management and Organizational Studies, 5*(1), 15-25. https://doi.org/10.5430/mos.v5n1p1

[37] Rajgopal, K., Mahajan, V., Sharma, P., & Udas, A. (2019). Effects on Consumer Behavior Due to Post Purchase Regret Associated with Online Shopping. *International Journal of Innovative Technology and Exploring Engineering, 8*(11), 1-12. https://doi.org/10.35940/ijitee.K1092.09811S19

[38] Rhodes, C., & Ward, M. (2020). *Business Statistics.* UK: House of Commons Library.

[39] Saha, S., Sharma, A., & Kumar, A. (2019). Factors That Influence Retail Store Preference and Impact of in-Store Digitization. *International Journal of Recent Technology and Engineering, 8*(4), 1-15. https://doi.org/10.35940/ijrte.D8951.118419

[40] Santhiya, M., & Elavarasan, D. (2020). A Study On Perceptive The Covid-19 Effect On Online Shopping Behavior. *Academic Leadership Journal, 21*(7), 1-15.

[41] Saunders, M., Thornhill, A., & Lewis, P. (2009). *Research Methods for Business Students.* Prentice Hall.

[42] Sharma, A., & Jhamb, D. (2020). Changing Consumer Behaviours Towards Online Shopping - An Impact Of Covid 19. *Academy of Marketing Studies Journal, 24*(3), 1-10.

[43] Sheth, J. (2020). Impact of Covid-19 on consumer behavior: Will the old habits return or die? *Journal of Business Research, 117*(1), 280-283. https://doi.org/10.1016/j.jbusres.2020.05.059

[44] Sudaryanto, S., Subagio, A., Awaliyah, I., Wulandari, D., & Hanim, A. (2019). Influence Of Brand Image, Price And Promotion On Consumer's Buying Decision Of Fast Moving Consumer's Goods With Culture As A Moderating. *International Journal Of Scientific & Technology Research, 8*(3), 1-20.

[45] Sudha, M., & Sheena, K. (2017). Impact of Influencers in Consumer Decision Process: the Fashion Industry. *SCMS Journal of Indian Management, 1*(1), 14-28.

[46] Taherdoost, H. (2016). Sampling Methods in Research Methodology; How to Choose a Sampling Technique for Research. *Journal of Management, 1*(1), 35-47. https://doi.org/10.2139/ssrn.3205035

[47] Victor, V., Thoppan, J., Nathan, R., & Maria, F. (2018). Factors Influencing Consumer Behavior and Prospective Purchase Decisions in a Dynamic Pricing Environment—An Exploratory Factor Analysis Approach. *Social Sciences, 7*(153), 1-14. https://doi.org/10.3390/socsci7090153

[48] Vojvodic, K. (2019). Brick-and-Mortar Retailers: Becoming Smarter with Innovative Technologies. *Strategic Management, 24*(2), 1-15. https://doi.org/10.5937/StraMan1902003V

[49] Wahyuni, D. (2012). The Research Design Maze: Understanding Paradigms, Cases, Methods and Methodologies. *JAMAR, 10*(1), 15-28.