

IMPACT OF COVID – 19 PANDEMIC ON CONSUMERS' BUYING BEHAVIOUR

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ABSTRACT

It is quite natural on the part of the human beings to act out a changed, sometimes weird buying behavior when they are exposed to a critical situation like COVID-19, a pandemic. During the initial stage of this pandemic, people demonstrated unusual buying behavior such as hoarding grocery items, toiletries etc. The reasons for this type of behavior could have been 1) the risk of getting infected by the virus and the resultant quarantine, 2) global disruptions in the supply chain due to the closure of factories caused by a complete lockdown. These behavioral changes have also reflected in their choices concerning the products/services, buying patterns, spending money etc. This pandemic has also changed the peoples' lives in terms of the way they shop, travel, work and ensure their physical wellbeing. These changes have a long lasting impact on the way the companies used to design the products, services and engage with the customers in the future. The present paper is an attempt towards understanding the consumer's buying behavior during COVID -19 pandemic concerning i) the buying patterns in terms of quantity, frequency, timing etc. and ii) the preferred retail outlet(s) for buying CPG and the reasons for the same.

Keywords: Consumer Packaged Goods (CPG), COVID-19, Pandemic, supply chain, Buying Behaviour

Introduction

The consumer's buying behavior varies based on the environment and the situation in which they find themselves. The earlier research studies on the consumers' behavior suggest that it is a complex component of a human life and dynamic in nature.

Consumer buying decision making process that includes the following stages:

1. Need recognition
2. Information search
3. Evaluation of alternatives
4. Purchase decision
5. Post purchase evaluation

This was evident in the initial stages of the COVID-19 pandemic. The COVID-19 pandemic has a global impact on many industries across the world which also includes the Consumer Packaged Goods (CPG) industry. The CPG industry has experienced significant disruptions over the past few months due to complete lockdown, paradigm shift in consumers' spending habits, product choices etc. (E & Y, 2020). COVID- 19 has also affected the consumers' behavior in the following manner (McKinsey 2020)

a) Change in consumers' spending and the category of products being bought by them:

Because of this crisis situation, many people have either lost their jobs or have reduced income. As a result of this, the people at large have cut down their spending on non-essential products and are focusing more on buying essential products such as grocery items, health and hygiene related products etc.

b) Online platforms are preferred by the consumers for buying the products:

Due to the outbreak of the COVID-19 pandemic and the subsequent restrictions on the people's movement, most of the customers have resorted to online platforms for buying the products of their choice.

c) Increased customer patronage to the companies who have healthy and hygienic packaging of their products:

Due to the concerted and focused efforts of the government, companies and society, people have started buying the products which are healthy and hygienic.

d) Trial of new brands and outlets by the customers:

In this pandemic situation, the supply chain of certain products has got disrupted. As a result of this people were not able to find their preferred brands at the outlets near to them. This has led to the trial of new brands and outlets by the customers.

The pandemic situation has a deep impact on the businesses world over thereby affecting the world economy. The businesses were shut and the global supply chain also got disturbed by the prevailing situation. This has led to the loss of jobs for many and for others their earnings have decreased. In addition to this, it has also made people change their spending patterns on the various products. It was during this time, people revisited their priorities in respect of the products they were buying earlier.

The pandemic situation has seen a variety of unusual consumer behavior that made them spend more on essential commodities and cut down expenses on the luxurious and non-essential items. The major behavioral changes can be seen in the brand preferences, hoarding of essential commodities, family budgets and increased spending on health and hygiene related products. The uncertainty and unpredictability caused by this pandemic situation, forced the consumers to postpone some of their intended purchases and spend only on the required items to sustain themselves.

This situation has led to the sudden rise in the contact and touch less sales and delivery channels. The food and beverage industry has experienced increase in their online sales. The holiday/special occasion shopping season also got affected by the pandemic situation.

Review of literature

Rogers , Cosgrove (2020) found that the COVID-19 pandemic has led to the disruptions in the supply chain of the products in the market, human lives in terms of physical safety, changes in behavior, mobility etc.

Forbes (2017) found that survival psychology acknowledges the fact that individuals may undergo behavioral changes due to unpleasant events such as natural disaster, healthcare crisis, accident, terrorist attacks etc.

Loxton, Mary, Scarf, Truskett, Sindone and Baldry (2020) found that in the current scenario, these behavioral changes have resulted in panic buying, changes in purchasing habits and investment decisions

Miri (2020) found that the world has seen a number of epidemics that broke out in the recent past such as Ebola, SARS and Swine Flu.

Torre (2019) found that these epidemics have impacted human behavior in terms of consumer behavior and health risk mitigation behavior. Such health crises have severe macroeconomic implications for the policy makers, businessmen, people at large etc.

Singh, Sreenivas (2020) found that the same gets reflected in loss of jobs, pay cuts, uncertainty and sluggishness.

Donthu, Gustafsson (2020) commented on the observation on the deaths which the World Health Organization has reported that over four million deaths are due to Covid-19. Economies have also been severely affected due to this situation.

Sheth (2020) found that there is a paradigm shift in consumer preferences in respect of the purchases they make. Off late, it has been observed that more people are going for online purchases through websites of the concerned company or the e-retailers such as Amazon, Flipkart, Myntra, Ajio. PayTM Mall etc.

Brem (2020) found that it is necessary to study consumers' behavior in the crisis situation caused by the outbreak of COVID-19 pandemic and it may have affected their marketplace behavior. The insights developed through this study will help the companies to formulate marketing strategies so as to tide over the difficult situation.

Abdel (2021) found that the pandemic situation has led to the rapid advancements in the technology that facilitates the business activities. The same can be seen in the buying, selling and making the payments through digital platforms.

Dahlhamer, Tierney (1998) defined the term “disruptive event” is a situation that leads to profound changes regarding the unit analyzed. The Pandemic situation has thrown a serious challenge to the businesses world over. The same can be mitigated through upside down marketing strategies.

Pan (2020) found that some natural disasters are carefully monitored, and their arrival and intensity can be anticipated (e.g., hurricanes). The anticipation of such events induces an unprecedented, at times bizarre behavior on the part of the people at large. It consists of stockpiling the basic necessities, prioritizing the spending on the items to be purchased.

The people at large have started adapting to a new normal and the intricacies therein in terms of their consumer packaged goods (CPG) purchase behavior, spending habits etc. In response to these changes, the CPG industries have also started working on re-aligning their marketing strategies for meeting the needs of the customers effectively.

Objectives of the study

1. To study the buying preferences of the customers of consumer packaged goods (CPG) or fast moving consumer goods (FMCG) during this pandemic situation.
2. To understand the customers’ preferred outlets for buying these products.
3. To find out the reasons for their patronage to such outlets.

Research Methodology

1. Universe/ Population: Consumers of packaged goods.
2. Sample size: 200
3. Sampling technique: Convenience sampling
4. Sources of data: Primary and secondary
5. Data collection tools/instruments: Structured Questionnaire

Scope of the study

The present study shall focus on the buying patterns of the customers in terms of quantity purchased, frequency of buying the consumer packaged goods (CPG) and the day and time of such purchases. The study also aims at understanding the preferred outlets for buying CPG and the reasons thereof. The study shall be restricted to the City of Pune.

Hypothesis

H0 - The buying preferences of the customers are not influenced by the pandemic situation.

Data analysis and interpretations

Out of 200 questionnaires circulated for the collection of data, 17 questionnaires were not returned by the respondents and 9 questionnaires were partially filled. Therefore, the total number of questionnaires that were considered for the data analysis are $200-26=174$.

1. Respondents were asked to tell which types of products were purchased more by them during this pandemic situation. Following options were given to the respondents to choose from:
 - Food and beverages, and toiletries
 - Health and hygiene related products like sanitizer, disinfectant sprays, disinfectant wipes and masks etc.
 - Luxury or expensive products such as branded cosmetics, designer clothes, jewelry etc.

They were further asked to select the options as applicable. A Multiple Response Analysis in SPSS (version 27) was used to analyze the data.

Types of Products Purchased More During Covid-19 Pandemic				
		Responses (Multiple responses)		Percent of Cases
		N	Percent	
Types of products purchased	Food, beverages and toiletries	110	40	63
	Health and hygiene related products such as sanitizers, disinfectants wipes, masks etc.	104	38	60
	Luxury or expensive products such as branded cosmetics, designer clothes, jewelry etc.	61	22	35
Total		275	100	158

Table 1. Types of products purchased more during the COVID 19 Pandemic

From the above frequency distribution table it can be seen that out of 275 YES responses 40 % accounted for food, beverages and toiletries, 38 % accounted for health and hygiene related products and 22 % accounted for luxury or expensive products.

Hence, it is concluded that there is a paradigm shift in the buying preferences of the customers during Covid – 19 Pandemic.

2. Respondents were asked to tell from where they bought the CPG or FMCG products in this pandemic situation. Following options were given to the respondents to choose from:
 - Nearby retail outlet
 - Retail store
 - e-retailers like big basketer, Grofers, Jio Mart etc.

They were further asked to select the options as applicable. A Multiple Response Analysis in SPSS (Version 27) was used to analyze the data.

Preferred outlets for buying CPG or FMCG products during the COVID- 19 Pandemic				
		Responses (Multiple Responses)		Percent of cases
		N	Percent	
Preferred outlets	Nearby retail outlet	127	43	73
	Retail store (through home delivery)	101	34	58
	e-retailers like big basketer , Grofers, Jiomart	70	23	40
Total		298	100	171

Table 2. Preferred outlets for buying CPG or FMCG products during COVID – 19 Pandemic

The frequency distribution table shows that out of 298 YES responses 43 % accounted for nearby retail outlets, 34 % accounted for retail stores and 23 % accounted for e-retailers.

Therefore, it is concluded that most of the people were preferring nearby retail outlets for buying CPG and FMCG products during the pandemic time.

3. Respondents were asked to tell about the reasons that made them buy the CPG or FMCG products from a specific outlet in the pandemic situation. Following options were given to them to choose from:
- Convenience and safety
 - Availability of varied range of products
 - Reasonable price
 - Attractive offers

Further to this they were asked to select the options as applicable. A Multiple Response Analysis in SPSS (Version 27) was used to analyze the data.

Reasons that made the customers to buy CPG or FMCG from a Specific Outlet During Covid- 19				
		Responses (Multiple Responses)		Percent of cases
		N	Percent	
Reasons of buying from specific outlets	Convenience & personal safety	141	40	81
	Availability of varied range of products	92	26	53
	Reasonable price	119	34	68
Total		352	100	202

Table 3. Reasons that made the customers to buy CPG or FMCG from a specific outlet during COVID -19 Pandemic

From the above frequency distribution table it is evident that out of 352 YES responses 40 % accounted for convenience and personal safety, 26 % accounted for availability of varied range of products, 34 % accounted for reasonable price.

Hence, it is concluded that convenience and safety is the major reason for buying CPG or FMCG products from a specific outlet.

Testing of hypotheses

Hypothesis 1

H0 – The buying preferences of the customers are not influenced by the pandemic situation.

Ha – The buying preferences of the customers are influenced by the pandemic situation.

Statistical Test: Chi Square

Level of significance: 0.05

		Observed N	%	Expected N	(O-E) Residual	Chi Square	DF	Critical Value of X ²
Food and beverages	Yes	110	63	87	23	12.16	1	3.841
	No	64	37	87	-23			
	Total	174	100					
Health and hygiene related products	Yes	104	60	87	17	6.64	1	3.841
	No	70	40	87	-17			
	Total	174	100					
Luxury products	Yes	61	35	87	-26	15.54	1	3.841
	No	113	65	87	26			
	Total	174	100					

Table 4. Testing of Hypothesis

From the above frequency distribution table and test statistics, it can be seen that out of 174 respondents 63 % accounted for food, beverages and toiletries, 60 % accounted for health and hygiene related products and 35 % accounted for luxury products.

Since, the calculated Chi-Square values are greater than the critical value of X^2 the null hypothesis is rejected.

Findings

1. During the pandemic situation, people gave more preference to food, beverages and toiletries (40%) which was followed by health and hygiene related products (38 %). The purchases of luxury products were either avoided or deferred for the time being. Therefore, it is concluded that, there is a paradigm shift in the buying preferences of the customers during the Covid-19 Pandemic.
2. This study also revealed that the nearby retail outlets (43 %) were the most preferred outlet for purchasing the Consumer Packaged Products (CPG) during the pandemic situation.
3. From the study it was found that convenience and personal safety (40 %) was the major reason for patronizing a specific outlet for buying the CPG products.

Conclusion

In the pandemic situation, the executives around the world are facing serious business challenges due to the outbreak of COVID virus. These challenges can be seen in terms of sharp decline in the customers' demand, changes in the regulatory norms, disruptions in the global supply chain, recessionary trends in the economy etc. Therefore it has become imperative for all the commercial organizations to find ways for regaining the lost ground. In doing so, concerted efforts in the form of suitable marketing strategies will help them a lot.

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