

THE IMPACT OF COVID 19 ON END-USERS: PREPARING FOR THE NEW NORMAL

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ABSTRACT

A year ago, India was struck by the Corona Virus (COVID-19) pandemic, and the resulting instability is putting the country's economic and psychological resilience to the test. It has affected everyone's day-to-day lives. Little attention has been paid to how COVID-19 has influenced consumers and, as a result, the consumption community. Consumers have recovered from the pandemic, and a few changes persist even after things have calmed down. A micro-level study was established to assess the direct effect on household income, savings, and consumption behaviour to quantify the socio-economic impact of the pandemic in particular. The present research focuses primarily on the COVID-19 pandemic and how buyer buying behaviour has changed as a result of it. The research was mainly carried out during the third extended period (3.0). For socio-demographic variables, explanatory statistics were used. The data from an online survey was analysed and interpreted using the statistical tabulation process, which included the use of average, percentage, mean, pivot table, variance, and SPSS software. The COVID-19 epidemic has created a great deal of confusion in the lives of Indians, just like the global counterpart. The findings indicate that it would cause a significant economic shock to the system. Despite the three-month lockdown, one-third of respondents lost their savings, and consumption fell dramatically, resulting in a mean recovery period of almost a year or more for people. Widespread declines in demand, consumer behaviour, and a general downturn in economic activity prolonged the long recovery period following the crisis.

Keywords: Consumer behaviour, Economic impact, Consumption, COVID-19, Pandemic

INTRODUCTION

The virus is without a doubt one of humanity's biggest problems in the last 100 years, and it has affected consumer behaviour. Leading economists have already identified COVID-19 as having a significant impact on both consumption and GDP. The Indian economy is expected to enter recession in 2020, with the Federal Reserve Bank of India recently forecasting a 7.5 percent contraction within the year, compared to its previous forecast of a 9.5 percent decrease. Some have forecast that this would be the most significant recession since the Great Depression, with global implications (Rappeport, A., & Smialek, J.

2020). Indian consumers are resuming economic activities, but cautiously, as the government's COVID-19 constraints have eased. Consumer behaviour is also characterised as "the complex interaction of affect and cognition, behaviour, and environmental events through which citizenry perform the exchange aspects of their lives," according to the American Marketing Association. The current physiological and economic behaviour caused by the COVID 19 outbreak has taken the world by surprise. Fear and anxiety are having a visible impact on physiological behaviour in general and purchasing behaviour in particular. It had been so sudden and unexpected that the foreseen had been almost impossible to predict. This pandemic has pushed society to the brink of a major challenge, coping with human reactions. When it comes to behaviour, though, we have advanced to a new stage of technical innovation compared to 100 years ago. However, the general

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public's reaction has not changed significantly. The interplay of various psychological, social, and economic influences is a long-proven incontrovertible reality that every consumer's behaviour is the product of a long-proven incontrovertible fact.

Furthermore, consumer behaviour may be a clear indicator of psychological and social processes that take place inside and around a private residence. To talk about social factors, one must consider the social needs, social norms, groups, customs, social assessments, and other factors that influence the intention to shop and, as a result, the final behaviour. COVID-19 heralded a new age characterised by the emotion of apprehension and, as a result, the perception of vulnerability. With little certainty to rely on, the general public was overwhelmed by apprehension about the future in many ways. The sudden lockdown was an unprecedented phenomenon and it influenced the household consumption behaviour of individuals in an unprecedented manner. At one end of the spectrum, people struggled to eat two square meals a day, while at the other end, people bought household goods over and over again to ensure that they had enough even during the worst times of scarcity. When a depression strikes, consumer behaviour shifts dramatically, becoming much more sensible, cost-conscious, but often more demanding and expectant.

Consumers will not spend money unless they are confident that they are paying for what is expected of them. They will stop making transactions that do not meet their actual needs. Unemployment, inflation, increasing product prices, and decreasing buying power are all economic and social effects of a crisis, and they trigger drastic changes in the buyer's purchasing and consumption behaviour. During a time of crisis, awareness of consumers towards the worth of cash increases, which pushes the

buyer to form compromises in terms of cash, brand, quality, and private comfort.

Many theories attribute a major shift in utility patterns to the predictor of behavioural changes among consumers during times of crisis. Consumer behaviour analysis is the study of human consumption using behavioural concepts learned through experimentation. Consumer behaviour is a field that straddles the lines of economic psychology and marketing science. Consumer behaviour refers to the method of looking for, buying, using, reviewing, and discarding goods and services (Valaskova et al., 2015). In their study, Hoon Ang et al. (2001) found that changes in consumption behaviour caused by depression could be moderated by personality characteristics. Flatters and Willmott (2009) looked at a few new patterns that emerged during the crisis, such as demand simplification due to restricted deals during the crisis, which continues to persist post-crisis, where consumers purchase simpler offerings with high value. The authors were interested in investigating consumer behaviour during COVID-19 because of the change in consumer behaviour during periods of crisis. This research focused primarily on evaluating the pandemic's economic effects during the early stages in India. As a result, the aim of this study was to determine the initial economic effect of COVID-19 on the general public, as well as its connection to changes in consumer behaviour.

MATERIALS AND METHODOLOGY

This is a descriptive paper, as a result, the paper relied heavily on primary data in order to comprehend the buyer's economic behaviour during the COVID-19 pandemic. An explanatory research design was used in the study. The behaviour of consumers during a pandemic is the focus of this research. The change in behaviour triggered by the COVID-19 outbreak and the lockdown duration was investigated in this paper by research. The information is gathered via a web survey platform

(Google Form) in accordance with the government's guidelines for maintaining social distance. From all over the country, 381 responses were received and 160 of the answers had at least one or two missing objects, so they were removed from the study.

Survey form

The study was carried out by dividing the questionnaire into three sections in order to get a better picture. On the primary tab, they learned about the character and intent of the survey. They were then directed to the next page (first part) of the questionnaire if they were interested in participating. The questionnaire's primary purpose was to collect socio-demographic data (age, gender, occupational status, city of residence, kind of family, education, marital status, kind of home). The second section of the survey consists of standard economic questions. This section consisted of ten questions about living standards. The third section of the survey asks about changes in customer behaviour from COVID-pre, COVID-Pre, during, and post time.

Statistical Tools

For an in-depth review of effect analysis, primary data is crucial. Socio-demographic variables were the subject of explanatory studies. The data gathered through an online survey was analysed and interpreted using the statistical tabulation process, which included the use of average, percentage, mean, pivot table, and variance.

Scope of the Study

The current research is solely focused on the COVID-19 outbreak and how buyer behaviour has changed as a result of the virus. The majority of the study was conducted during the third extended duration (3.0), which ran from April 4th to May 31st, 2020.

Sources of Data

The primary and secondary sources of data collection were used to observe the buyer's behaviour during a national

lockdown due to an outbreak. The primary data was gathered using a Google Form-based questionnaire. Government documents, published studies, academic papers, periodicals, journals, and surveys related to COVID-19 were used to gather secondary data.

RESULTS

Characteristics of survey respondents

The research looks at Indian consumers and, as a result, the established trends in consumer behaviour before the COVID-19 crisis, which may be a combination of several megatrends. This research aims to determine the effect of such changes on consumer behaviour in the short and medium-term. The study indicated the gender-wise distribution of the respondents within the study area since 78 percent of the 221 survey respondents were male, the remaining 22 percent were female. With a p-value of 0.0045 indicating a significant impact on the age group of 31 to 50, 71 percent of the total samples of respondents are between the ages of 31 and 50. The minimum and maximum ages of the respondents were 18 years and 61 years respectively, with the mean age of 43.08 (SD=11.45) at the time of data collection. The survey includes 92 percent of married respondents, with the majority (61.3 percent) belonging to a nuclear family, indicating that late salary or salary cuts up to a certain percentage of salary have an effect on paying off loan payments, repayment of loans, and tuition fees of the wards. It demonstrates that the impact of COVID 19 is greater on private employees than on government employees. The results also showed that the lower income class suffered more than the higher class. COVID 19 situation also appeared to change the buyer behaviour of individuals concerned with homes. People showed more inclination towards having their own homes instead of rented houses. The rationale might be the experience of inability to pay rent on time due to lost income within the pandemic situation. Around only 9.4 percent of the respondents agreed that they paid rent on time, the

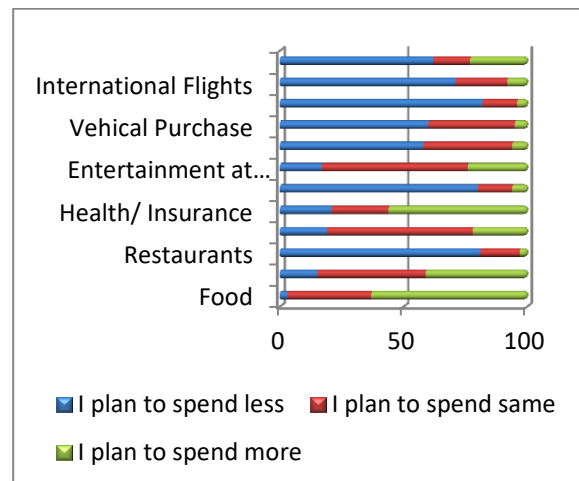
remainder all disagreed with having paid rent. Within the survey, it has been seen that there are both social and economic impacts, but the economic impact is more on unorganized sectors as compared to the organized ones.

The Impact of COVID-19 on End-Users

Buying locally made goods, as well as shopping at local/regional retailers and supermarkets, was seen as a growing trend among consumers. During the crisis, 70 percent of respondents reported shopping at local stores, with more than 90 percent saying they would sustain or even increase their consumption of locally produced goods. Respondents left their homes during the lockdown, some of the reasons being that 48.9% went to the market, 39.8% went to work, all were frontline warriors. Of all the respondents who intended to increase their consumption, health and the support of local manufacturing are the two dominant reasons they gave for buying local products in the future. In the study 69% of respondents did not pay their EMI on time due to the pandemic situation, with 42.5% reporting an inability to pay their previous month's EMI; the majority of them citing not receiving their salary on time as the reason. Another reason, though not very prominent, is the loss of a job. COVID-19 had a significant impact on people, as highlighted by the current survey. More than 60% of the sample gave their answers in favour of the impact. A few also reported having lost their jobs, inability to pay the mortgage, endangered business, and inability to even buy food. A huge number of the participants under study, about 78.3%, foresee the COVID-19 as affecting income inequality in India. According to a survey, 45 percent of people expect to cut back on their expenses during the pandemic. While some categories, such as groceries and household supplies, saw an increase in demand. In the survey 60% to 70% of respondents plan to reduce their spending on consumer electronics or automobiles (see Figure 1). Consumers were still rapidly shopping online at the

level of before COVID-19, so the pandemic has hastened the systemic transition. As a result of the pandemic, not only the workers but also customers changed their behaviour.

Figure 1 Reductions in spending due to COVID-19 by End-Users

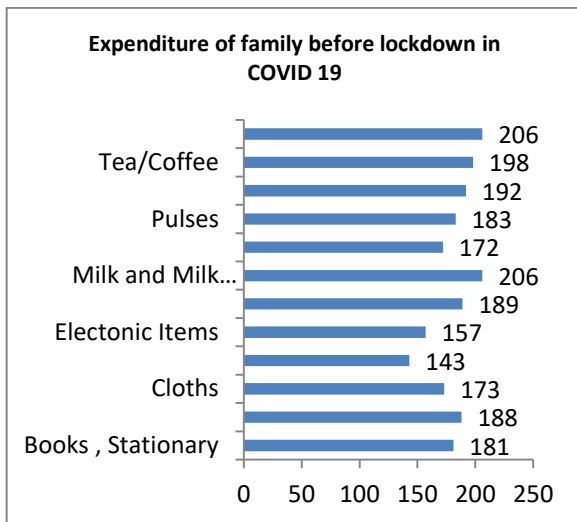


Source: Online survey (author calculation)

Before the crisis, as we talk about which sector recovered fast, 53.8% was agricultural, followed by 29% of the industry and 17.2% of services. The survey also affects income inequality by 78.3%. In the lockdown period, the respondents lost their monthly income by Rs 31000 to 50000. Respondents plan to spend less money on vacations and movies in the future than they do on new cars and clothes.

While making a comparison between the expenditures of families before and during the lockdown, a clear distinction could be made between the two categories of goods. The levels of expenditures rose sharply for goods of daily consumption like cereals, pulses, vegetables, sugar, jiggery, etc., from the pre-COVID to the COVID, times, on the other hand, they fell drastically for luxury items like mobiles, clothes, electronic items, and cosmetics. The consumer behaviour before lockdown with non-essential or luxury goods is in main preference like cosmetics, clothes, mobile electronic items, but the pandemic changes the scenario shown in Table 1.

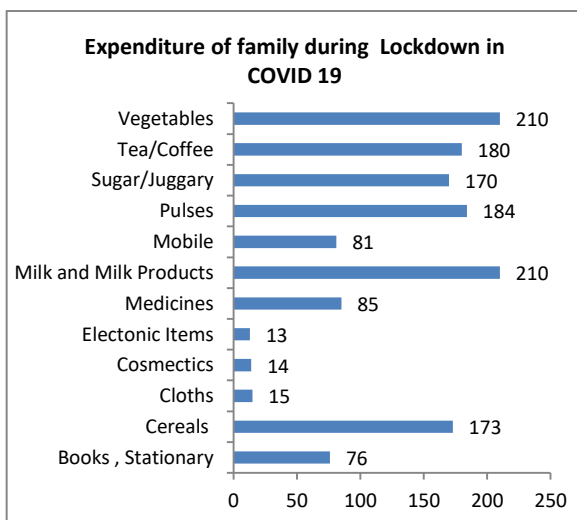
Table 1 Expenditure of family before lockdown in COVID 19



Source: Online survey (author calculation)

Table 2 shows the shift of Consumer behaviour from non-essential products to essential products during COVID-19, which is, to vegetables, milk products, cereals, tea, and pulses from the non-essential products like clothes (6.8%), electronic items (5.9%), and cosmetic items (6.3%). Post lockdown again there was a shift towards expenditure on good food, health and children’s education on top priority and clothes, renovations, and jewellery at least.

Table 2: Expenditure of Family During Lockdown in COVID 19



Source: Online survey (author calculation)

During pandemics, the need for basic necessities takes priority, reflecting little significant changes in consumer behaviour. Markets, for example, saw a change in customer preferences as they prioritised purchasing necessities over nice-to-have goods and cut down on all spending except groceries and at-home entertainment. (McKinsey Survey Data 2020)

DISCUSSION

The current research looked at the population's initial economic effects of the COVID-19 outbreak. Concerns about health, the environment, and livelihood have grown as the epidemic has progressed. Overall, Sixty percent of the 221 respondents said the COVID-19 had a substantial economic effect. This was a unique finding in comparison to other research. Since these findings were obtained during the early stages of the COVID-19 outbreak in the region, they are likely to have changed over time. The COVID-19 outbreak had a smaller economic effect on singles than it did on married people, according to demographic variables. With a p-value of 0.002, the effect on married couples was found to be statistically significant. When comparing family spending before and after the lockdown, a clear difference between the two types of items can be seen.

The amount of expenditures rose sharply for goods of daily consumption like cereals, pulses, vegetables, sugar, jiggery, etc., from the pre-COVID to the COVID times. On the opposite hand, they fell drastically for luxury items like mobiles, clothes, electronic items, and cosmetics. Only about 35% stated that that they had paid the schooling fees of their ward. Of the home items, most of the participants reported clothes because the first item to be skipped during the lockdown, followed by alcohol, entertainment, and fuel. While choosing the three most vital areas for expenditure post-lockdown, people reported good food as their favourite (61.5%), followed by items of household (49.8%) as number two, and

health and repayment of loans (45.8%) as number three. In response to identifying the things that they were presumably to chop from their list of expenditures, 37.1% of the participants marked holiday tours, followed by cinema and restaurants (26.2%). New automobiles stood third with 21.3% while 50% of the participants believed that things would take about four to 12 months to vary, approximately 30% believed that it might take quite a year for them to vary and normalize.

Indian consumers, too, adopted new behaviour out of concern for personal and family safety, as well as overall public health. (McKinsey, 2020) As previously mentioned, a survey was conducted during COVID-19 to monitor consumer sentiments and report on the change in consumer behaviour, indicating that consumer behaviour models are taking a unique shape. In the post-COVID-19 case, understanding the new models would play a critical role in the achievements and failures of hundreds of businesses. The nature of this crisis has brought to light the disadvantages of trade dependence on vital goods, market complexity, and a ruthless exposure of the materialistic culture of shopping for behaviour that was not inherently caused by need. However, there are some drawbacks to remember when analysing the results of this analysis. The first is that the study's central design, such as the sampling method, which is limited to people with internet access and an understanding of English, can limit the study's generalizability.

The research is limited to the COVID-19 virus and consumer behaviour during the lockdown era. The analysis would have yielded more detailed results if other variables such as market environment, product demand and distributor, legal aspects of lockout, and socioeconomic effects of disease had been taken into account. Time was an enormous constraint and there might be an opportunity for sample error.

CONCLUSION

The COVID-19 epidemic has created a great deal of confusion in the lives of Indians, just like their global counterparts. The findings indicate that it would cause a significant economic shock to the system. Despite the three-month lockdown, one-third of respondents lost their savings, and consumption fell sharply, resulting in a mean recovery period of almost a year. A general decline in demand, a change in consumer behaviour, and a general downturn in the economy prolonged the long recovery period following the crisis. There's a requirement for considering economic problems by policymakers while planning intervention in the fight.

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