Changes in Consumer Behaviour Due to COVID-19

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Abstract: Consumer Behavior is a complex process. It depends on a lot of factors which may include socio political scenario, economic condition and psychological profile of consumer. It largely depends on the purchasing power of the customers as well. Now from the very beginning of 2020, Covid-19 has impacted all the markets globally in a scale which no one could have predicted and therefore the shape of economy has changed so much so that even economists are not being able to correctly predict the impact of this pandemic in the market scenario.

In this situation, the main objective of this research paper is to suggest some ways the retail marketers can take up after due the effect of this horrifying situation. In order to correctly predict and map the relation between the consumer behaviour in retail market this paper has taken a relatively smaller market size and concentrated on only retail sectors of Kolkata. The paper has a thorough survey result and it’s analysis which has been conducted amongst various age group and people with different socio economical background. Based on the analysis, the paper has represented a predictive module which shows how the consumer behavior may shift in post covid-19 and how it is going to impact the retail market. As part of the paper a proposed solution has been provided which indicates some measures for the retailers to follow in order to sustain the major shift and significant change of consumer behavior.

Keywords: Consumer behavior, COVID-19, Kolkata market, Retail market, Store format.

1. Introduction

Consumer behaviour is a very important and a very complex process. It depends on the consumer's psychological profile and also socio economical condition. Where in one hand, purchasing power of consumer is a vital factor, it is also true that even when the purchasing power is not an issue there are other factors which plays a major and significant role in consumer's buying pattern. There are different types of consumer behaviour, such as programmed routine behaviour, buying product occasionally or limited decision making and impulse buying or conscious planning type.

The important factors which motivates or influence these behaviours are: Cultural factors, Social factors (Reference groups, family ,Role and status), personal factors (Age and life cycle stage, occupation, financial or economic situations, life cycle, self-concept and personality) and psychological factors (perception , motivation, learning and experience, attitude and beliefs ).This paper has analysed the major shift which is expected and which is already happening in consumer behaviour and specially consumer's shopping pattern due to the adverse effect of COVID-19 .The study has been conducted in entire Kolkata market and the entire market of Kolkata have been divided in three part Central Kolkata , North Kolkata and South Kolkata and we have considered the associated suburban big markets as well.

The study has been solely focused in the retail area and conducted from both retailer's and customer's perspective.

Therefore, this paper has provided proposed solution for the business which can be adapted by them to sustain their business and grow in the post Covid-19 situation.

2. Objective

The coronavirus pandemic has taken the whole world by storm. While people are caught up in the fear of contracting the virus, the nationwide lockdown has led to severe disruptions and widespread confusion among people.

The COVID-19 pandemic has fundamentally changed the world as we know it. People are living differently, buying differently and in many ways, thinking differently [1]. Supply chains have been tested. Retailers are closing doors. Consumers across the globe are looking at products and brands through a new lens. The virus is reshaping the industry in real time, rapidly accelerating long-term underlying trends in the space of mere weeks. Our research indicates that how consumers buying pattern is changing due to the COVID-19 outbreak. Consumer’s priorities have become centered on the most basic needs, sending the demand for essential products soaring, while non-essential categories slump. The factors that influence brand decisions are also changing as a “buy local” trend accelerates. Consumer’s attitudes, behaviors and purchasing habits are changing and many of these new ways will remain in the post-pandemic world [2].

3. Analysis

The survey has been conducted among the residents of Kolkata, West Bengal, India. Due to the ongoing pandemic the number of responses that we have been able to collect amounts to 65. The markets of Kolkata are primarily divided into three major market sectors situated in North Kolkata, Central Kolkata and South Kolkata which contains various
smaller markets which amount to more than 20 and thus amongst the 65 people that have responded everyone lives near to at least 10 of any major markets, so the responses are both varied and as accurate as possible.

The survey was conducted by a google form where we created two google forms to record the ‘Pre COVID-19 consumer behaviour’ and ‘Changes in consumer behaviour in the present and probable future post COVID-19 period’.

The demography that we have considered is as follows:

Gender:
- Male= 41%
- Female= 53%
- Others= 4%
- Prefer not to say= 2%

Age:
- 20 years to 30 years= 58%
- 31 years to 40 years= 19%
- 41 years to 50 years= 15%
- 51 years to 60 years= 6%
- 61 years and above= 2%

Marital status:
- Married: 45%
- Unmarried: 55%

Occupation:
- Housewife= 18%
- Paid employee= 28%
- Business= 8%
- Student= 44%
- Retired= 2%

The various parameters taken in to consideration haven written below in a ‘Pre COVID-19 VS Current and probable post COVID-19’ format:

- Annual household income (in terms of INR):
  - 20,000 to 30,000= 12.5% VS 15.4%
  - 30,000 and more= 62.5% VS 38.5%

- Family size (in terms of living in a single house):
  - 3 to 5: 44.65% VS 33.8%
  - More than 5: 13.8% VS 16.9%

- Distance travelled to get to nearest market (in km):
  - Less than 1= 38.2% VS 60.6%
  - 1 to 2= 29.4% VS 22.7%
  - 3 to 4= 14.7% VS 12.1%
  - More than 4= 17.6% VS Negligible

- How often a family member goes for shopping grocery? (1 being most regularly, 5 being very less):
  - 1= 12.3% VS 12.3%
  - 2= 27.7% VS 27.7%

- 3= 41.5% VS 26.2%
- 4= 16.9% VS 33.8%
- 5= 1.5% VS Negligible

Amount of money spent on buying apparel products (In terms of INR):

<table>
<thead>
<tr>
<th>Amount (monthly)</th>
<th>Kirana Stores</th>
<th>Supermarkets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 3000</td>
<td>30% VS 42%</td>
<td>20% VS 11%</td>
</tr>
<tr>
<td>5000 and more</td>
<td>7% VS 14%</td>
<td>25% VS 21%</td>
</tr>
</tbody>
</table>

Importance of various store attributes:
- Convenience of location= 33% VS 17%
- Convenience of accessibility= 26% VS 30%
- Proper Opening hours= 11% VS 17%
- Availability of choice= 25% VS 18%
- Availability of branded products= 8% VS 5%
- Availability of sales personnel= 14% VS 7%
- Credit card facilities= 7% VS 7%

Urgency to buy products= 13.8% VS 35.4%
Need to buy products in a large quantity= 18.5% VS 16.9%
Routinely bought products in large quantity= 12.3% VS 24.6%
Perceiving financial risk during the time of shopping= 16.9% VS 29.2%
Get to know about new product idea by themselves= 18.5% VS 16.9%
Perceiving the time taken to shop for a product= 15.4% VS 1.5%
Visit a new store format= 16.9% VS 20%
Look into a store’s format before going in and shopping= 12.3% VS 20%
Recommend a new store format to friends and relatives= 13.8% VS 24.6%.
4. Probable and Suggested Solutions

From the study conducted, there are certain factors which were considered and analyzed thoroughly. The study primarily predicts how the pattern of consumer behavior changes over time, how covid-19 has changed the consumer’s buying choices, their preferences and most importantly how the purchasing power of the customers changed with this pandemic. But then customers are not only the key variable in this equation, the major impact which covid-19 crisis has and will have are the changes that the markets have to deal with and will be dealing with in foreseeable future. Therefore, we conducted the study from a buyer’s point of view and from a seller’s point of view as well. Though we have tried to focus more on the consumer’s behavior we have tried to provide the solutions or new ways and strategies that the sellers and retailers can come up with to sustain and cope up with this pandemic situation and this major change.

In the post covid era, the change will definitely create a new reality in retail market and in all the market. The study for this paper has mainly focused on retail market and concentrated on the Kolkata market.

In the year 2020, the market along with the city has seen a major change where small and medium shops in major markets such as Sealdah and Gariahat had to close down because they couldn’t afford the initial major impact the series of lockdowns have created. But there are shops who have somehow survived this and are looking forward to not only sustain in the retail business but planning new strategies by making changes in the business itself to make profit. Although major business organizations are planning these changes and some are
renovating their entire business models and some are shifting towards entirely different industries, the prime difference that these small, medium retail shops have with those corporate giants that not only these small retailers have limitations of the capital and lack of gathering the fund but they have specific set of skills and limited number of customers of a specific area. For example, it is very difficult for a ladies wear seller to shift his business from Garia to another market place because that will have a major shifting charge and even trying to open a part of that same shop in another place will require significant market capital which is nearly impossible for them to manage. Whereas major firms can target customers with the help of digital marketing and other new marketing channels, for the medium, small retailers it is not yet a possibility they can think of exploring.

After the study we have conducted, we have found out that lot of retailers are planning to merge their businesses and trying to expand their product basket, along with that they are planning on starting new sort of services which would help them to reach greater number of customers and that way they can expand their customer segment and create a better profit margin and may be eventually expand their business in different areas as well.

Our proposed solution is somewhat similar for the retailers. Since the customer’s survey has been conducted among a variety of customers from different socio economical background and different age group, the broad idea of how post Covid-19 changes will appear among customers can be predicted to a great extent from the survey. Therefore, it can safely be concluded that few things are definitely going to be more popular among consumers than they were before. All market places have already accustomed to home delivery and in the era of Zomato and Swiggy every restaurants have almost started to adopt this change even before the crisis. But post crisis, this is going to be a must for every retailer. It is almost safe to say that the crisis is not going away for next one to two years, therefore even tech giant such as Google and Microsoft is accepting this new reality and a major work culture change has already been announced and introduced. Therefore, to maintain the social distancing it is going to be very important to reach the customers through home delivery. That also means that even the small, medium retailers have to spend some extra money to either avail a free service or a paid service to join in this new digital revolution. As through zomato and swiggy the food restaurants can join with minimum fees and get their restaurants popular and earn extra revenue, the other shops must come up with similar sort of arrangement.

Our prediction is there are going to be new start-ups who are going to establish a market place for the other retailers. Already in his recent announcement Facebook CEO Mark Zuckerberg has mentioned that Facebook is going to help small businesses to reach their potential customers with the help of the new features which they are soon going to start along with the Facebook market place, which is already there to provide the businesses and even individuals to reach their potential customers and grow with the process. The major advantage in Facebook marketplace is that the business person won’t have to be extremely tech savvy and our prediction is that, this is definitely going to help a lot of businesses to become popular in post crisis market.

Recently, due to the deal of Reliance and Facebook, the situation is going to help the Indian small businesses and the entrepreneurs. Because even in this market since Reliance Jio has aimed to help Indian people with affordable internet and Facebook is coming with the extra help on small businesses, the small and medium level of retailers can get this help to understand their customer segments better and come up with better strategy.

Next thing which till now was a sort of out of reach for so called traditional and normal marketers is Business Analytics. In Post COVID-19 market every business will have to work hard to reach every little ground they have for their growth. Be it Facebook analytics or Google Ad, the sellers will need to understand the buying pattern and the need of the customers. Due to the major impact in the job market, the purchasing power is going to decrease among the customers. Now in this scenario, the consumers who have more purchasing power and are willing to buy more of any retail items will become the targets of every seller. The major challenge will not only be coming up with a market dominating pricing strategy but also a deal or offer that is lucrative enough and the customer can’t refuse.

In order to come up with some sort of strategy, it is very important to understand the exact need and the buying pattern of the customers.

Sellers need to understand that due to this pause in everyone’s lives, there are lot of customers who are eager to buy a lot when the market will open for business in a completely normal way. In the language of marketing, the experts are calling it “Revenge shopping” which will rise when the market scenario will come back to normal. Revenge shopping is basically a psychological factor among consumers where they think subconsciously that they are being deprived of their rights to shop and their urge to buy stuff they like. Therefore, when the market will reopen, they are likely to buy way above their means. This is going to be a huge opportunity for the retail sellers.

In the post crisis scenario, another important factor is trying and converting the retail shop into an one stop shop for consumers.

As study suggests there is going to be a shift in the pattern of purchasing power of the customer and where some consumers will try to optimize their shopping pattern others will require to buy more and that will fill the void. A lot of shops will not be able to take the huge market shift and probably go out of business if they don’t change and wish to stick to their old business, therefore this study suggests that reconstructing and rethinking is one of the main key. The marketers will have to focus on door to door service strategy more than ever if their business model allows that as per financial expenses to be
considered. But consumers are likely to be preferring the home delivery and will depend on it more than ever. Also the competition between the shopping malls and the local kirana shops is going to be a major factor, more than ever. So, the retailers of local shops have to consider their dealings with the company directly to get more profitable deal and through the home delivery services that can increase their consumer segment and the shops have to reconsider their shelf management which malls do consider a lot. Now this may not sound that important but due to this situation the retailers have to increase their offered product basket.

As per the study conducted for this paper, it has been found out that consumers are most likely to prefer closest shop from their location. This can be a major advantage if the retailer can diversify the products they are offering. Also in this scenario, a big help for customers is the credit system. If the retailer can facilitate a digital payment mode in their shop then it can be a real advantage. Before Covid-19, the government has already introduced an app called Khata, which helps the retailer and the consumer to keep track of their payment activity and even when it’s in credit. As per study, consumers are likely to prefer shops who also encourage credit card or digital payment such as paytm, google pay or phonepe etc.

The main difference between having a POS (point of sale) machine in the shop and not having it is that the consumer are likely to buy more when they can make sure that they can pay the money afterwards. In case of POS, if the customer pays through a credit card, the retailer will get the money from the bank in his bank account instantly with a minor service charge from both end but that increases more sales and it’s less risky than maintaining a khata from retailer’s end, in fact there is no risk since the bank is the third party present there. Ignoring some minor technical glitch study suggests shops which has POS or digital payment system available tend to make more daily sales and bulk sales than their counterparts. Not every retailer can afford this in marketplace so ones who will they will be able to restructure and target a new market segment and it will considerably increase their sales amount.

5. Scope

Since the study is confined to Kolkata only. The researchers may focus on other parts of country to generalize the findings of the study.

Interested researchers may concentrate on marketing mix to have in depth knowledge of the urban or semi urban areas.

6. Limitations

The primary focus of this study was concentrated on the retail market of Kolkata. This result and prediction may vary mildly or significantly based on the geographical location. The significance level of the prediction hypothesis which has been conducted was 0.01. But the limitation is subjected on the location parameter since the study has been conducted on the behavior of the consumers who are present in Kolkata area. This may vary in areas such as Delhi or Mumbai or Bangalore or any other city. Mostly it will definitely vary when the model will analyzed in outside of India. Since the marketing strategy, buying pattern and most importantly marketing channels and product mix and product basket both varies from place to place even for a same company.

Therefore, this paper is the starting point for the interested researchers who may work further on concentrating and predicting the probable shift in marketing pattern, consumer behavior of different areas (suburban or urban).

7. Conclusion

This paper has focused on both sides of the situation in post covid-19 scenario. The markets and consumer behavior are bound to change after this huge global crisis, therefore the study conducted has focused on those changes from both the consumers’ and the retailers’ end. This paper has stated and analyzed mainly the various market places of Kolkata. The paper has been written keeping in mind the new normal scenario in the market place and the change in the entirety of the market place. Considering the changes in the life style caused by this pandemic there will be rise of digital market place even more and there will be shifts in the businesses as a whole. The need of the hour for the marketers is to shift in the right end of this tide to sustain and to survive and that requires a huge change in their business model. Many need to entirely change their business or expand the product line and implement marketing mix. Technological shifting is not an option anymore even in small, medium sector, it is going to be a mandate and that's why learning, upskilling is going to be more important than ever. Where in one hand due to the lack of purchasing power may lead to the decrease in the number of consumers, on the other hand consumers may depend on certain businesses more than ever. This paper has successfully mapped these two sides of the coin to portray a clear picture about the consumer behaviour during and after the pandemic. As already the consumer preference has shifted from normal consumables to optimized essential goods the competition among retailers has already been increasing. Since consumers are shifting towards cost-effective and caring more about hygiene and health products. The business opportunity is shifting in different new dimensions. The paper hopes to present all these scenarios with proper proposed solutions and leaving further research opportunities with it.

References