



## IMPACT OF COVID 19 ON SPENDING PATTERN OF CONSUMERS DIFFERENT CATEGORIES OF GOODS

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### **ABSTRACT**

*Novel Coronavirus was a global epidemic that spread rapidly. In an effort to stem the spread of the virus, the government instituted lockdowns, which effectively halted all commercial activity across the nation. Governments throughout the world have instituted lockdowns and social isolation policies in response to the coronavirus epidemic, which has disrupted consumers' consumption and shopping patterns. Since the epidemic shows no signs of abating, their customers are modifying their consumption habits accordingly. This study aimed to discover how consumers spent their money during the COVID-19 lockdown. A representative sample was drawn from the population using the convenience sampling approach. The sample size was 150 in total. In addition, it shows that people are placing a higher value on essentials like hygiene products, cleaning supplies, and staple foods, while they are less interested in non-essentials.*

**Keywords:** Lockdown, Spending pattern, Consumers, Goods, Expenditure

### **I. INTRODUCTION**

The first recorded cases of coronaviruses in humans were in 1965, when the virus was identified as a potential cause of serious respiratory illnesses. There have been five new coronaviruses discovered in the past fifty years, and this one has stopped the entire planet in its tracks. The virus has had a major effect on the economy this time around, in addition to the health sector. Although pandemics are nothing new, the impact on the market has been enormous due to globalization. The whole fabric of society is subject to change as a result of any social movement, whether positive or negative. The global influenza pandemic that hit the globe in 1918 was widely regarded as the worst outbreak in recorded history. The Great Influenza Pandemic of 1918–1920 had a global macroeconomic impact on the economies of the nations hit the hardest, and these economies accounted for a disproportionately large portion of the world's gross domestic product (GDP). The most effective strategy to control the spread of the virus was to implement lockdown measures, as particular vaccinations for COVID-19 had not yet been identified. Social isolation was the goal of the lockdown which attempted to lower the graph. Everyone was asked to remain indoors. Due to the closure of schools and universities, employees were offered the opportunity to work from home. As a result, individuals were forced to limit their outings to necessity. As a result, the consumption pattern saw a dramatic shift due to COVID-19.

Fear of a "lockdown" makes people reluctant to spend money. Everyone enthusiastically

embraced the "Janta curfew" as the initial step towards lockdown. However, due to a lack of preparedness, individuals panicked when the lockdown really occurred. As a precautionary step against the COVID-19 pandemic, the prime minister of India gave Indians less than four hours' warning before announcing a 21-day statewide lockdown, restricting mobility of the whole 1.3 billion people. People bought in a panic during the first few weeks of the lockdown because they were afraid the limitations will be tightened much further. A misunderstanding and misunderstanding of the phrase "essentials" occurred. Industries and mandis were off-limits to employees, food delivery vehicles were held at checkpoints, milk vans were ordered back, and markets were shuttered. Essentials were scarce, and prices for items skyrocketed, as a result of all this. It took the government a few of days to proclaim that all the needed goods were accessible. However, there was still an issue with the administration of production, storage, transportation, and delivery.

Lockdowns 1–5, each lasting 21 days, began in March 2020 and were prolonged as the restrictions tightened. Gradually, people's purchasing habits changed as they adapted to the new standards. Online buying might become more popular as anxiety levels begin to decline. "Initially, customers were unsure of what the trickle-down effect of the lockdown would be," said Arvind Mediratta, MD and CEO of Metro Cash & Carry India, in an interview with Economic Times. The public became increasingly wary and started stockpiling necessities. A feeling of terror pervaded. However, need-based purchasing has mostly replaced panic buying as of late. The reason behind this is because word got out gradually that there will be no lack of vital supplies.

People sometimes buy in bulk because they are afraid of a potential shortage or increase in price because of a looming tragedy. Instilling anxiety among customers, the lockdown caused frenzy over travel, unlike past outbreaks. Due to the closure of restaurants, cafés, bars, and motels, as well as those working from home, most of those food purchases are also related. Online shopping is nothing new for Indians, but the COVID-19 epidemic has changed the way people buy food and other essentials. Worries about cleanliness and safety supplanted the pleasurable senses of touch, taste, and purchase. The data shows that until a vaccination is produced, 36% of customers are hesitant to visit brick and mortar stores, and 52% of those customers have avoided going altogether.

In an effort to combat the epidemic, the Indian government and healthcare professionals have collaborated. Citizens should also follow the rules of social distance and containment zones to limit the virus's transmission. Although people were aware of the epidemic and social distancing standards, they are now showing signs of increasing resistance to limits, which may be attributed to mental or political pressures. Consequently, the virus's propagation should be limited by the use of good strategic management.

## **II. REVIEW OF LITERATURE**

Gurav, Yogesh et al., (2023) 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. 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.

Altamimi, Maryam & Tadele, Haileslasie (2022) Worldwide, the COVID-19 epidemic has had a devastating effect on the economy, leading to widespread fear among customers, travel restrictions, and the loss of jobs. This study looks at how a COVID-19 pandemic will affect buying habits in the UAE based on survey results from 300 people. Despite some losing income, the study shows that UAE citizens' spending behavior throughout the pandemic has remained mostly unchanged compared to pre-pandemic time. Additionally, the survey notes that panic-buying has been less common among UAE customers throughout the epidemic. Furthermore, 57% of respondents do not have an emergency fund and 51% do not have insurance, according to the results. We may say that UAE clients were able to stabilise their expenditure without making any major adjustments to their spending habits overall. Due to their strong confidence about the possibility of economic recovery in the post-pandemic period, UAE consumers were able to maintain constant spending during the pandemic.

Siddiqui, Farheen et al., (2022) The world was hit hard by the extremely contagious Corona Virus epidemic in 2020. Economies have been forced to fight and fight hard as a result of this unexpected and unforeseen disaster. Much of the economy was negatively impacted, causing monetary hardship. The lifestyle, spending, and investing habits of individuals have been impacted by a paradigm shift in the circular flow of money. The purpose of this research is to learn how the COVID-19 epidemic has affected the way regular people handle their money and the investments they choose to make. Additionally, this study report delves at how people's buying habits changed under the COVID-19 lockdown. The effect of the pandemic on Lucknow residents' investment choices was assessed by administering a structured questionnaire to a representative sample of the city's residents. The data for the study was collected using a random sample approach. The results of the study demonstrate that the widespread panic and subsequent lockdown has had a profound impact on people's daily routines and expenditure patterns. The survey also shows that consumers are now more willing to spend their money on necessities and health-related items.

Patil, Bharat (2021) The purpose of this research was to identify any changes in consumer

behavior brought on by the new coronavirus illness (COVID-19). More foreign visitors reported cases of new coronavirus illness in India during the early stages of the outbreak. There was an uptick in COVID-19 positive cases in India due to domestic travelers using planes, trains, and buses. Novel coronavirus illness has a significant impact on the Indian market. There has been an abrupt shift in consumer behavior due to the lockdown scenario. Consumers did not take the crisis caused by COVID-19 seriously at first. The Indian government has taken precautions, and the media has brought more attention to the problem. People are hesitant, perplexed, and cautious during that period. Following the announcement of a statewide lockdown, people rushed to the market to stock up on necessities. People were engaging in the illegal sale of medications, personal protective equipment, face masks, gloves, and hand sanitizers. Buyers were anxious and uneasy following the announcement of lockdown. Television news and multimedia has a profound impact on people's actions. People went shopping in droves because they thought there would be a lack of necessities. As a precaution for the safety of their customers and employees, online marketing firms turned down their services during the lockdown. There was a lack of brand loyalty among customers throughout that time.

Arif, Tanvir et al., (2021) The devastating death toll from the COVID-19 pandemic has engulfed the whole human species. Similarly, the deadly illness has halted Bangladesh's fast-moving economy, forcing everyone to remain at home and refrain from earning a living. Considering the state of the country's economy, the lockdown scenario has caused a huge and unprecedented drop in income for the majority of people, forcing them to cut back on their spending. Various socioeconomic groups in Bangladesh had their purchasing habits severely impacted by the lockdown, and this article aims to pinpoint those ways. In this study, a structured interview schedule was utilized to gather data from a field survey. To make the study's results easy to understand, the researchers employed visual aids including pie charts, bar graphs, and percentages. According to the research, people's aggregate income has dropped by 61.55% and their consumer spending has dropped by 66.82% as a result of the COVID-19 shutdown. Because of their low income, most respondents from all socioeconomic backgrounds have reduced their household's expenditure on consumption.

Agarwal, Anvi (2021) The COVID-19 pandemic is poised to have profound and far-reaching effects on several industries. Several sectors are currently experiencing a decline in output as a result of disrupted supply networks and a significant decrease in demand. Nevertheless, some sectors have experienced a surge in demand, such as internet services. Internet traffic has increased by 25-30% compared to its normal levels. The utilization of internet services has significantly surged during the pandemic due to the implementation of lockdown measures. The number of users utilizing certain web-based services such as video conferencing and online classrooms has experienced a significant and rapid growth. Numerous educators discover that facilitating online classes is far more manageable than initially expected. Consumers have been driven to utilize internet services, such as remote job or remote study, due to the circumstances. Consumers may begin to utilize services such as BOPIS, which help reduce in-store encounters. The primary aim of the study is to assess the influence of the COVID-19 shutdown on the market for internet-based services, namely

online classes, groceries, OTTs, and online meetings, following the lifting of the lockdown. Will their impact result in a transformation of the market structures for these services? This article aims to analyze whether the surge in demand for these services will continue and may disrupt traditional markets once the lockdown is removed, or if the markets will revert back to their original condition as seen before the lockdown. This study is constructed with a well selected questionnaire and the analysis of the survey is conducted using fundamental statistical methods. It aims to elucidate the underlying factors influencing certain customer choices.

### III. RESEARCH METHODOLOGY

The researcher administered a questionnaire to the participants using Google forms. The Google form has data pertaining to the expenditure trends during the COVID-19 lockdown, challenges encountered when purchasing goods during the lockdown, anticipated spending patterns post-lockdown, and the demographic characteristics of the respondents in the sample. The researchers employed a convenient sampling strategy to choose a sample from the population. The whole sample size consisted of 150 individuals. Data is gathered within the period of lockdown. The collected data is organized using an electronic spreadsheet, and different statistical methods such as frequency, percentages, and rank are employed to examine the data.

### IV. DATA ANALYSIS AND INTERPRETATION

**Table 1: Gender**

Particulars	Frequency	Percentage
Male	120	80.0
Female	30	20.0
Total	150	100

The table above displays the demographic characteristics of the participants. Within this study, 80% of the participants are male, while the remaining 20% are female.

**Table 2: Problem faced while buying goods during lockdown**

Sr. No	Particulars	Weighted average	Rank
1	Non Availability of Goods	70.0	2
2	High Prices	74.0	1
3	Too much Clutter	62.0	3

4	Possibility of Forgery	54.0	6
5	No Guarantee	60.0	4
6	Other	55.0	5

Several challenges are encountered during this period of lockdown. The primary challenges encountered by the respondents are exorbitant costs, unavailability of items, and excessive clutter. A small minority of participants' encountered issues related to the lack of assurance and the potential for counterfeiting. They obtained the lowest positions.

**Table 3: Effect of COVID 19 on Spending Pattern of different categories of goods during COVID-19 lockdown**

Sr. No	Particulars	Weighted Average	Rank
1	Groceries and Vegetables	75.0	1
2	Clothing and Footwear	69.0	3
3	Electronics and Home Appliances	68.0	4
4	Entertainment	72.0	2
5	Other	63.0	5

The COVID-19 epidemic has had a significant impact on consumer expenditure across all categories. Amidst the lockout, a majority of the participants allocated a greater portion of their expenses towards purchasing groceries and vegetables. In comparison, expenditure on Entertainment, Clothing & Footwear, and Electronics & Home Appliances is much lower.

**Table 4: Expected spending Pattern of different categories of goods post COVID-19 lockdown**

Sr. No	Particulars	Weighted average	Rank
1	Groceries and Vegetables	80.0	1
2	Clothing and Footwear	56.0	3
3	Electronics and Home Appliances	60.0	2
4	Entertainment	50.0	4
5	Other	45.0	5

The spending pattern of individuals will undoubtedly be altered once the lockdown is lifted. According to the study, the majority of respondents indicated a preference for allocating their

funds towards essential items such as groceries and vegetables. The mindset of individuals will undoubtedly be altered when they allocate funds towards technological goods, apparel and footwear, as well as entertainment.

## V. CONCLUSION

The COVID-19 epidemic has permanently altered consumer behavior across a wide range of product sectors. Customers drastically reduced their discretionary spending, especially on non-essential categories like luxury goods and travel-related products, while prioritizing essential items like groceries and healthcare products, as a result of the crisis-induced fundamental reevaluation of priorities. E-commerce was victorious because demand skyrocketed as more and more people sought out the ease and security of online buying. With traditional businesses encountering difficulties as a result of lockdowns and safety worries, the retail scene underwent a change. Consumer spending fell, putting a damper on the once-booming travel and hotel industry. Some industries felt respite as a result of government stimulus programs' effects on consumer spending. Consumers' priorities shifted in the wake of the pandemic, with a focus on health and safety and restraint in discretionary expenditure defining the post-pandemic era.

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