

# Changing Paradigm of Consumer Behaviour amid Covid-19

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## Abstract

The pandemic has fundamentally changed the world, where people are living differently, buying differently, and in many ways are thinking differently; thus, it has successfully created a new culture where social distancing is a new norm and way of living. These new norms have immensely affected the way consumer tends to behave and purchase and have enabled the consumer to develop new habits. Therefore, the study is conducted to analyze changing consumers' buying behavior during the crisis. Secondary and primary data is utilized for the study. A well-structured questionnaire was distributed via mail to elicit the relevant information. Data was analyzed with the help of Independent T Test and One Way ANNOVA and percentage. Analysis of data leads to the conclusion that 55.6% of consumer tends to adopt online platforms after lockdown and pandemic. The shopping patterns of consumers, the way consumer spend has fundamentally changed (38.6%). But there is no significant contribution of demographics in this changing buying behavior of consumers. Further, four new segments of consumers, which is stockpilers and savers (58.2%), cut deep (47%), spenders (39%), and calm and normal consumers (46%), have evolved due to pandemic that affects the way they purchase.

**Keywords:** Consumers, Covid-19, Pandemic, lockdown, Consumer Behaviour, spending, changing preference

## Introduction

Consumer behavior enables the consumer to decide what, when, and how to purchase a product. A well-informed consumer tends to show the change in behavior with the interplay of micro and macro forces. Covid-19 is no exception for consumers. The draconian Corona Virus has indeed proven to be a global pandemic that has affected every individual and strata of the world. The pandemic has fundamentally changed the world, where people are living differently, buying differently, and in many ways, are thinking differently (Accenture, 2020). Thus, it has successfully created a new culture where social distancing is a new norm and way of living.

Since the government has switched from regulation to complete and partial lockdown, retailers are compelled to close their doors that have

adversely affected the supply chains. As a result, consumers across the globe are changing their behaviour towards shopping. They are now seeing the brands through a new lens. According to Accenture (2020), the pandemic has reshaped the industries and market; therefore, new habits among consumers are evolving, which will be endured beyond crisis or may remain permanently. Consumer behavior continues to evolve during Covid-19 (Carufel, 2020) therefore, it becomes significant to study the changing trends of consumer buying behavior due to Covid-19. Thus, the purpose of the study is to analyze how consumers' buying behavior is evolving during the crisis.

### Literature review:

Pathak (2020), in her article, highlighted that change in consumer buying behavior is an evident result of the pandemic. Consumers are shifting from retail purchases to online purchases. They are spending less as recession is stepping in. Agarwal (2020), in her blog, delve into the awareness level of consumers about the pandemic. It was concluded that most of the Indian citizens are not aware of the symptoms and causes of Covid-19 and preventive measures against it. 60% of the respondents are unsure about the origin of the virus; 46% of the people are not practicing social distancing. Therefore, it is suggested by the author that the awareness level about Covid-19 has to be increased. Carufel (2020), in his article, highlighted that the buying behavior of consumers have been fundamentally changed as most of the consumers will now prefer to buy local products and ethical products. Singh (2020), in her article in Times of India, has highlighted the fact that changing preference of the consumers from non-essential to essential has compelled brands, even non-essential brands, to change their strategies and communicate with consumers in social media. Although post-Covid-19 situations will change and online purchasing will be gaining its pace, but fear will rule the mind of consumers. Therefore, new communications strategies need to be developed that reduce the psychological impact in the mind of consumers. EY, a tax consultant company (2020), highlighted that consumers behavior will shift in three horizons. Now phase where consumers will stockpile the essentials, followed by next phase where daily life will resume but with less confidence, and beyond the phase where online adoption will continue to increase. An article by economic times (2020), highlighted the fact due to Covid-19, the preference of consumers to purchase an automobile will witness a shift. Consumers will shift back to personal mobility rather than shared mobility or public transport due to rising concern about personal hygiene and fear of the virus, after citing a study conducted in China where the automobile industry

witnessed a reversed trend of declining sales of the car. Therefore, the Indian automobile industry can learn lessons from leading global companies. However, Indian customers will be reluctant to online purchasing of the car due to lack of test drives and many other reasons; therefore, the automobile industry needs to re-plan their retail strategies.

### Objectives:

To assess the change in consumer preferences and shopping habits during Covid and identify if the demographics have any effect in the changing behaviour of consumer during covid 19.

To assess the spending habits of consumers during and after Covid-19 and identify their expectation after pandemic and lockdown.

### Hypothesis:

H (0): There is no significant difference between the demographics and changing behavior and attitude of buyers.

H(a): There is no significant difference between the demographics and changing behavior and attitude of buyers

### Research Methodology:

The study is descriptive in nature therefore; descriptive research design has been adopted for the study. The study is based on both secondary and primary data. Secondary data is collected from authorized websites, newspapers, and journals. Primary data for the study is collected with the help of a well-structured questionnaire distributed via mail.

**Development of instrument:** The questionnaire is divided into three sections, the first section includes basic demographic questions about respondents, followed by the second section that includes questions related to the buying behavior of consumers before and during Covid-19, and the third section includes questions about spending habits of consumers during and after Covid-19. Further, changing behaviour and attitude of consumer are measured from scale of 1 to 5, where 1 is highly dissatisfied and 5 is highly dissatisfied.

**Sampling:** The questionnaire was distributed among 300 respondents based on convenience; therefore, convenience sampling was adopted. However only 189 was received and brought to use. Therefore, the response rate is 63%  $((189/300) * 100)$ .

**Tools:** The collected data was further analyzed with the help of percentages and graphs Chi-square, Independent T test and One-way Annona.

**Discussion and Analysis of data:****Socio-Economic Profile of Sample Respondents:**

Table 1 provides an overview of the socio-economic profile of sample respondents covered under the study. The sample consists of 189 respondents.

***Table 1: Socio-Economic profile:***

<b>Demographics</b>		<b>Frequency</b>	<b>Percentage</b>
Gender	Male	83	43.9
	Female	106	56.1
	<b>Total</b>	<b>189</b>	<b>100</b>
Age	Under25 years	64	33.9
	26-35	99	52.4
	36-45	17	9.0
	Above46	9	4.8
	<b>Total</b>	<b>189</b>	<b>100.0</b>
Occupational Background	Students	55	29.1
	Government or Private employee	81	42.9
	Business person or self employed	43	22.8
	Other	10	5.3
	<b>Total</b>	<b>189</b>	<b>100</b>
Income	0-250000	109	57.7
	260000-500000	30	15.9
	500001-750000	13	6.9
	Above750000	37	19.6
	<b>Total</b>	<b>189</b>	<b>100.0</b>

*Source: Computed source*

Socio-economic profile of respondents includes gender, age, income, and occupational background. From the table, it is analyzed that, out of 189 respondents, 106 are male (56.1%) and rest 83 are female (43.9%). Therefore, it is evident that the majority of respondents are male. From the same table, it is analyzed that 64 (33.9%) respondents fall within the age group of up to 25 years, known as Generation Z. 98 (52.4%) respondents fall within the age group of 26 to 35 years, known as Millennial or generation Y. 17 (8.99%) of the respondents fall within the age group of 36 to 45 years, known as Generation X, and 10 (5.29%) respondents fall within the age group of 46 years above, known as Baby Boomers. In the present study, the maximum respondents fall within the age group of 26 to 35 years that is generation Y or Millennial. Occupational

background of respondents is analyzed from the data collected, and it is witnessed that 43% (81) of the respondents work as government or private employee, followed by 29% (55) are students. 57.7% (109) of the respondents earn up to 2,50,000.

#### Analyzing changing Consumers Behavior during Covid-19 crisis:

##### (a) Analyzing changing shopping habits and lifestyles:

It can be seen from table 2 before the Covid-19 crisis, 63% (119) of the respondents liked to visit the store, mall, and market to shop rather than 37% (70) online mode of shopping. Thus, reflecting the preference for physical mode of shopping before the pandemic.

**Table 2: The preferred way of shopping before Covid-19**

Most preferred way of shopping before Covid-19					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Online mode	70	37.0	37.0	37.0
	Visiting stores, malls and market	119	63.0	63.0	100.0
	Total	189	100.0	100.0	

Source: Computed data

**Table 3: A preferred way of shopping during Covid-19**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Online mode	105	55.6	55.6	55.6
	Visiting small stores and following social distancing norms	84	44.4	44.4	100.0
	Total	189	100.0	100.0	

Source: Computed data

Although table 3 reflects, after the covid-19 crisis, the situations have changed, and the preference for online shopping has witnessed a decent jump to 55.6%, with 105 respondents preferred online mode. Thus, the Covid-19

crisis has paved the way for e-commerce business and online platforms.

**Table4: Buying pattern of consumers:**

Particulars	Frequency	Percent
Don't have trust on online shopping therefore, prefer shopping from stores	25	13.2
First time ever	3	1.6
First time in past 3 to 4 months	6	3.2
May prefer online shopping once I develop trust	13	6.9
Online shopping is a normal part of routine	91	48.1
Use online shopping occasionally	51	27.0
Total	189	100.0

*Source: Computed data*

The reason for the increased preference of the online mode can be summed from table 4 where 48.1% (91) of the respondents have accepted online mode as a usual way of their shopping, and 27% (51) of the respondents have accepted online mode for specific occasions. However, there are still 13% of the respondents who do not have trust in the online mode of shopping; therefore, prefer shopping from stores, and 6.9% of the respondents may start preferring online mode once they have developed the trust. Therefore, it can be understood that trust serves as one of the significant components for adopting online mode for shopping.

**consumers:**

Table 5 reflects the changing attitude and buying behavior of consumers amid Covid-19. 24% and 37% of the respondents are highly agreed and agreed that they experienced a shortage of products at stores. During a pandemic, it is only 32% who agree to stock products that they would not otherwise stock up though 35% are neutral about it, and 18% disagree on stocking up products. 29% agree about online shopping, whereas 23% disagree with online shopping. 30% of the respondents are shopping at the stores where they would not otherwise shop.

**(b) Analyzing changing attitude and buying behavior of****Table 5: Changing attitude and buying behaviour of Consumers:**

Statement	5	4	3	2	1
Experience shortage of products at stores	24 %	37 %	26 %	10 %	4%
Stocking up products from stores, I would not otherwise	11 %	32 %	35 %	18 %	5%
Making online purchase when I would usually shop at store	13 %	29 %	29 %	23 %	6%
Shopping in a store I wouldn't otherwise shop	10 %	30 %	34 %	22 %	5%
Delaying purchases of non-essential items	36 %	36 %	19 %	7%	2%
Shop more health consciously	35 %	48 %	10 %	6%	1%
Shop more cost consciously	14 %	47 %	28 %	9%	3%

Shopping for others who can't afford	13 %	43 %	35 %	6%	3%
Now, prefer to purchase locally grown fresh articles	30 %	42 %	22 %	5%	1%
Now, prefer ready to eat food articles or frozen food	8%	23 %	32 %	26 %	10 %
Now, prefer purchasing from trusted and known branded products	29 %	35 %	28 %	6%	2%
Eating and drinking out less than before	39 %	32 %	19 %	5%	5%

**Source: Computed Data**

**Kinds of products:** 36% of the respondents highly agree at delaying the purchase of non-essential items, that gives companies an opportunities to focus on the production and marketing of essential goods. 48% of the respondents will tend to shop more health cautiously, and 47% tends to shop more cost cautiously. 43% agree to shop for others who cannot afford it.

**Brands:** 42% agree to purchase locally grown products. Thus, reflecting growing opportunities for local business and local farmers. Though, the study reflects neutral (32%) results for consuming packed products. 35% tend to purchase branded products, and 39% prefer avoiding eating and drinking out.

**Table 6: One Way ANNOVA:**

Statements	Gender		Age		Income		Occupation	
		P value	Levene's test	P value	Levene's test	P value	Levene's test	P value
Experience shortage of products at stores	0.214	0.507	0.109	0.282	0.361	0.905	0.215	0.303
Stocking up products from stores, I wouldn't otherwise stock up	0.141	0.25	0.032	0.688	0.534	0.123	0.421	0.751
Making online purchase when I would usually shop at store	0.828	0.337	0.805	0.537	0.511	0.675	0.786	0.513

Shopping in a store I wouldn't otherwise shop	0.918	0.055	0.258	0.026	0.02	0.383	0.739	0.112
Delaying purchases of non-essential items	0.557	0.703	0.69	0.248	0.273	0.951	0.968	0.658
Shop more health consciously	0.757	0.117	0.868	0.002	0.644	0.277	0.482	0.007
Shop more cost consciously	0.124	0.111	0.485	0.303	0.908	0.701	0.202	0.538
Shopping for others who can't afford	0.448	0.177	0.738	0.929	0.072	0.647	0.21	0.282
Now, prefer to purchase locally grown fresh articles	0.473	0.112	0.611	0.317	0.205	0.271	0.228	0.82
Now, prefer ready to eat food articles or frozen food	0.111	0.098	0.712	0.313	0.07	0.382	0.7	0.929
Now, prefer purchasing from trusted and known branded products	0.492	0.37	0.016	0.255	0.897	0.47	0.063	0.578

*Source: Computed Data, at 5% Level of Significance*

The above table 6 represent the results of the Independent Test for gender and One-way ANNOVA for rest of the demographics. Since both the tests are robust of violation of normality (Lumley, Diehr, Emerson, and Chen, 2020) therefore, the test is further proceeded with testing second assumption of homogeneity in variance. The thumb rule state that if p value of Levene's test is more than 0.05 (5% level of significance), then there exists homogeneity of variance. From above table it can be observed that significance value of Levene's test is more than 0.05 for all statements, therefore there exist homogeneity of variance. Therefore, we now proceed with Independent T test and One-Way ANNOVA. The significance value of both the test for all statement is more than 0.05, therefore we accept

the null hypothesis that there is no significance difference between changing behavior of the consumers and demographics. Thus, it can be inferred that the changes are solely due to Covid.

#### **Spending analysis of consumers:**

Table 7 reflects the change in the way consumer tends to spends and buys during pandemic and lockdowns. Inspiring from the study conducted by company EY in 2020, new segments of the consumers have been identified, in the study, who tends to spend and behave differently due to pandemic. The first category of the consumers is stockpilers and savers, followed by, cut deep, calm and normal consumers, and spenders.

**Table 7: Spending analysis of consumers in a different phase of lockdown:**

Particulars	In the first 21 days of lockdown (%)	In the 2nd-3rd phase of lockdown (%)	After lock Down (%)
Concerned about family therefore, prefer Saving and stockpiling of essentials (groceries, sanitizers) but less on clothing and leisure	58.2	27.5	14.3
Prefer spending less in all kind of categories, as income is effected	27.5	47.1	25.4
Does not change their spending habit at all	24.9	29.1	46
Purchasing and spending more than usual	31.2	29.1	39.7
Concerned about others therefore, avoid savings stockpiling	31.7	45.5	22.8
Tends to buy normally	21.2	36	42.9
Your buying habit is fundamentally is changed	34.9	38.6	26.5
Shop less frequently	32.3	40.7	27.0
Brands are more relevant to them	24.3	33.9	41.8

**Source: Computed Data**

**Stockpilers and savers** are the kinds of consumers that are prevalent in the lockdown phase. 58.2% of the respondents fall within the category of stockpilers and savers. Such consumers tend to stockpile the products due to fear and concern about the families, likely to save more and spend less on non-essential items like clothing and leisure. The results are similar to the study conducted by Krishna (2020).

**Cut deep:** Consumers who have been drastically affected due to pandemic and lockdown. 47.1% of the respondents prefer spending less in all kinds of categories, as income is effected and tends to shop less (40.7%). Their spending has been decreased due to the impact on their income. The results are similar to the study conducted by Company Mckinsey (2020).

**Calm and normal consumers:** A new segment of consumers who does not change their buying and spending behavior (46%) and are concerned about others thus avoid stockpiling (45.5%) and tend to buy normally (42.9%) falls within the category of calm consumers.

**Spenders:** Another new segment of consumers who are least affected by the pandemic and lockdown and tend to purchase and spend more than usual (39.7%) for whom

brands are more relevant to them (41.8%). Such consumers tend to be a part of market exiting after lockdown.

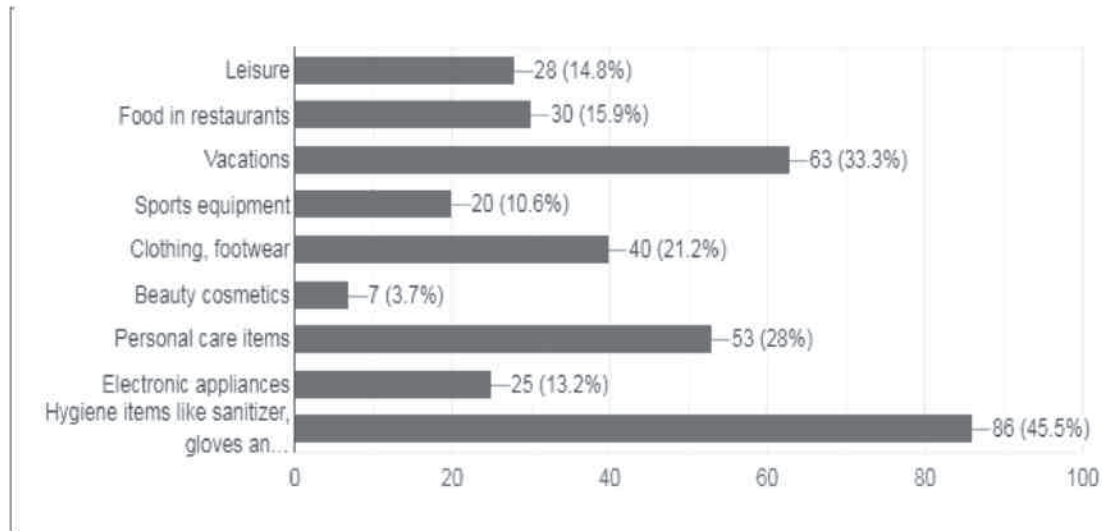
Overall, 38.6% of the consumers believe that their buying habits have been fundamentally changed that gives new opportunities to the consumer goods company to bring products as per the changed requirements and preferences of the consumers. The knowledge of these newly evolved segments of the consumer will enable the companies to focus on a specific segment of the consumers thus, formulating new and successful strategies to meet the changing needs and preferences of the consumers.

#### **Analysis of the spending on items after Covid-19 crisis:**

Figure 1, reflects the items on which consumers want to spend after a pandemic. The list of items that will be purchased by consumers after Covid-19 was topped by the hygiene items (45.5%), followed by vacations (33.33%), personal care items (28%), clothing and footwear (21.2%), and visit a restaurant (15.9%). Thus, companies must focus on the production and supply of a new product line that solely concerned with health and hygiene. Further, consumers are interested in vacation and restaurants; thus, travel and tourism and hotel industry must focus on the formulation of new and safe strategies and ways to

welcome their consumers.

**Figure 1: Items to be purchased after pandemic.**



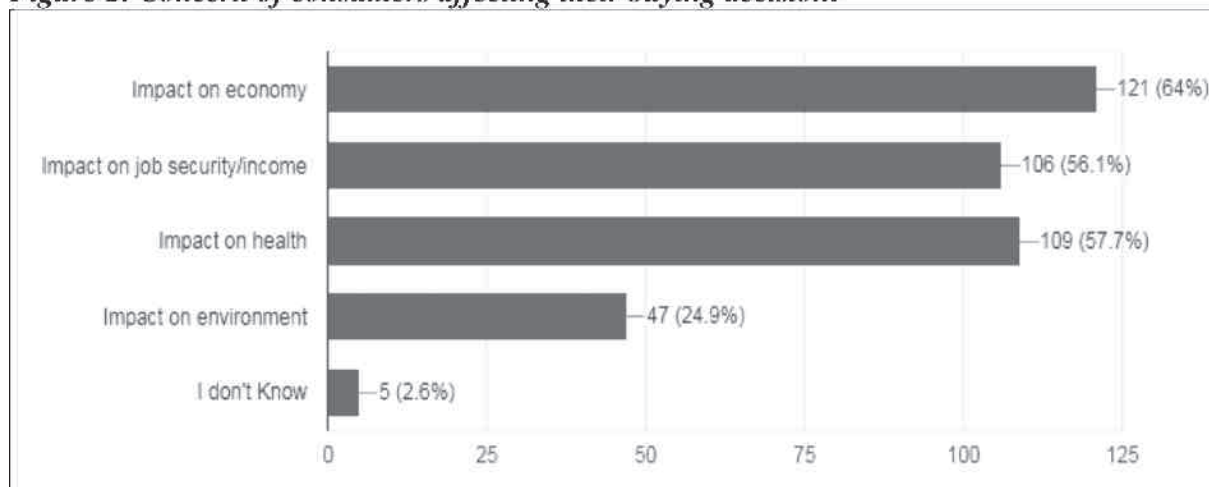
Source: Computed data

**Concerns of the consumer affecting buying decisions of consumers:**

Figure 2, reflects the primary concern of consumers during the crisis. Impact of the economy (64%) followed by the

impact on health (57%) and impact on job security and income (56.1%) are the top three concerns or issues consumers are worried about amid Covid-19 that may affect their buying decision during and after a pandemic.

**Figure 2: Concern of consumers affecting their buying decision:**



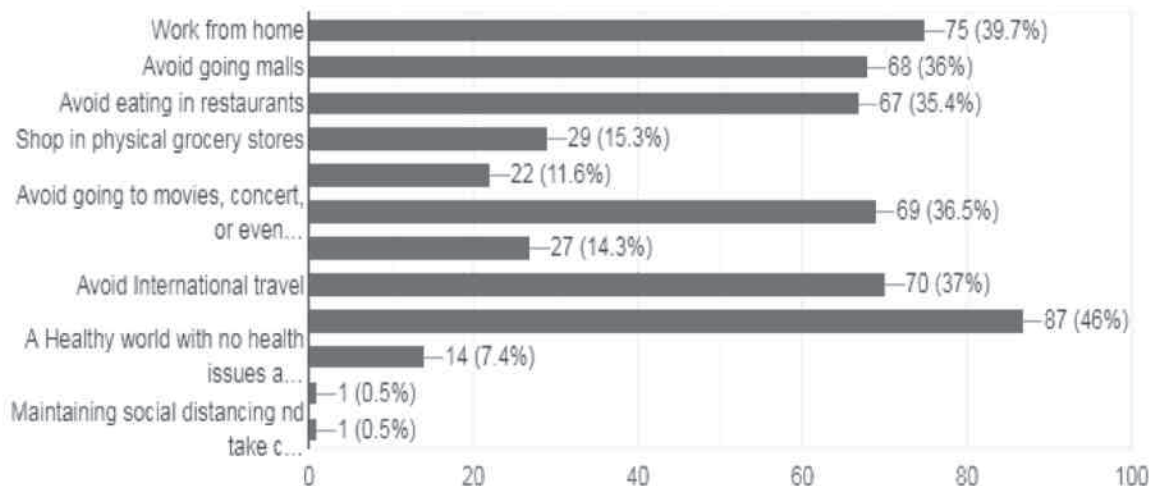
Source: Computed data

### Expectation of consumers after Pandemic/Lockdown:

Figure 3 reflects the expectation of consumers after the pandemic. 46% of the respondents' consumers expect to spend less and avoid wasting money and be more responsible consumers. It is followed by work from home (39.7%), avoiding international travel (37%), avoid

going to movies, concert, and events (36.5%). It can be understood from the analysis that a new workforce is evolving that prefer to work virtually rather than at a physical workplace. Consumers are evolving as more responsible ones and tend to avoid waste money.

**Figure 3: Expectation of consumers:**



Source: Computed data

36% of the respondents will avoid going to malls (36%), and avoid eating in restaurants (35%), and others. This reluctance of consumers to visit malls may compel owners of malls to change the way they sell and operate. (Mukherjee, and Mukherjee 2020) Also, issues like whether salesman washes their hands are trials of products are any safer, preference for online platforms, staying away from crowds may affect the visit of consumers to malls.

### Conclusion and suggestions:

From the above analysis, it can be concluded that pandemic and lockdown have affected the way consumers tend to purchase. Demographics at this phase of pandemic does not contribute to the changing buying behavior of consumers. This pandemic has paved the way for online platforms and a new form of communication to connect to the consumers. Though there are consumers who are reluctant to shop online due to lack of trust, especially about lack of safety in the way they pack and deliver. Therefore, companies must come up with strategies that may build trust among consumers.

Impacts on the economy, job security, income have been

the primary concern for the consumers that may affect their buying decisions. Therefore, the company should formulate strategies that are price sensitive. Industries like tourism and hotel are worst hit due to pandemic, but consumers still tend to spend on vacation and restaurants after pandemic; thus, leaving both the industries with new opportunities to serve their customers.

Pandemic has also evolved the new segments of the consumers that tend to have different spending patterns. Savers, spenders, calm and normal consumers, and cut deep are the new four segments of the consumers. These new segments of consumers and their buying style will change the market use to operate; thus, giving new opportunities to the consumer company and retail sector to reshape the consumer market.

New social distancing norms, sanitization, temperature checking have created new settings within the malls and restaurants. Moreover, with these new norms, consumer behavior can be changed profoundly, and selling products may become difficult, leaving malls and brands within the malls in a dilemma whether to adopt lenient or strict

policies like product trials, product return, and pricing.

Adherence to social distancing more hygienic lifestyle, preference of local shops that may provide online delivery, adoption of contact less delivery are few suggestions to deal with the situation. Furthermore, increased efforts on sanitizing the products during delivery products, cheaper pricing of the goods, purchase of local goods, formulation, and implementation of stricter traveling policies, are few other suggestions that can be utilized by companies and other stakeholders.

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