

Impact of Second wave of COVID-19 Pandemic on the Consumption Pattern of Urban Consumers

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Abstract

Background and Purpose: The impact of steps taken to contain COVID-19 and the fear of losing lives on consumption patterns is evident in India. The lockdown has disrupted the consumption habits of consumers. The study was conducted to assess the impact of the second wave of COVID-19 on consumption patterns of consumers residing in urban areas of Varanasi and nearby towns.

Methods: The required data were collected through an online survey. The questionnaire to assess the impact of the pandemic on consumption patterns was sent to urban consumers of Varanasi and nearby towns using google forms. In addition, some of the consumer's responses were recorded using telephonic interviews. The data collected was analyzed through MS-Excel and Jamovi version 1.6.23 software.

Results/ Findings: It was found that the current pandemic has a significant impact on consumption patterns. The study reveals that most respondents' spending habits have changed; most spending is on essential items. In addition, consumers have adopted new practices like many of them have started online purchasing, etc.

Limitations: Due to administrative restrictions and social distancing mandates, a small sample was selected for the study. The study has taken only urban consumers as a sample.

Managerial Implications: The findings will help marketers search and implement new ways to survive and succeed in a pandemic situation.

Keywords: COVID-19, Consumption Patterns, Urban Consumers

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Introduction

The world has been going through a tough time since last year. The pandemic, novel corona virus (covid-19) has disrupted the wheel of growth of most of the world's countries. There has been a considerable impact on the social and economic environment in almost every part of the world. India has been affected by this pandemic also. Being the second most populated country globally, India has been one of the most affected countries in the world. Before the first wave of this pandemic, India was among the fastest-growing economy. It all started in March 2020 when the country saw a massive increase in infected people around. The government declared complete lockdown for almost a month, and subsequently, a sector-wise declaration was made to unlock the market for the next few months. Many people from unorganized sectors, small business houses, laborers, and even private organizations lost

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their jobs. People started migrating from their workplace to their native place. Many of them lost their lives on the way. Though the central government, along with the coordination of state governments, took many steps to stop the panic, it could not restrict thousands of people from leaving their workplaces. As a result, the country saw a contraction in the economy. For two consecutive quarters, India's GDP was in minus figures.

There was a significant impact on many of the industries.

Aviation, real estate, jewelry, most of the service industries, etc., were most affected by the pandemic. After almost three months of compulsory lockdown and social distancing measures Indian economy started opening up its industries. From September 2020 onwards Indian economy started returning on the track of development. The number of active cases gone down significantly. India came up with a vaccine and started exporting it to many of the countries in the world. Everything was going in the right direction. People of India began living their lives without fear, but after five or six months of relief, the second wave of covid-19 started spreading its legs in India. The second wave of virus, called the double mutant, spread in the country so fast that the number of active cases saw a significant rise from the very beginning, and people started losing their lives. Earlier, the virus was not so infectious and life-threatening, but at this point, it spread in almost every part of the country. Whether rural or urban, adults or children, it has not left anyone. The panic started in the minds of the people. More than three lakhs of people died so far in India. As we know, India is the second most populated country globally; it has been a big challenge for the governments to save people's lives.

For containment of the pandemic, governments declared lockdown in a phased manner. The government has learned from the experience that it has to consider people's livelihood, where crores of people depend on daily wages for their livelihood. In most of India, the government has declared either partial or complete lockdown on economic activities. It has a significant impact on the consumers as well. This paper tries to assess the effects of the current situation on consumption patterns. The motivation behind writing this paper is that are many studies on the impact of the pandemic on consumers. Still, there are no significant works related to the impact of the second wave of the pandemic on consumer psychology. The paper tries to identify the significant changes in consumer behavior during the second wave of covid-19, how it differs from the first wave, and consumer shopping and purchase behavior changes.

The paper has been divided mainly into eight sections. Section 1 deals with the introduction of the topic and the background of the study. In section 2, efforts are made to find the research gaps by reviewing the available

literature. Section 3 identifies research objectives that were formulated to conclude the above-stated problem. Section 4 talks about the research methodology adopted in the study. Section 5 relates to the analysis and critical findings of the study. In section 6 conclusion is drawn based on analysis and conclusions. Finally, recommendations/ Managerial Implications are discussed in section 7, and used references are listed in section 8.

Literature Review:

Jung et al. (2016) found that the outbreak of an epidemic caused a substantial disruption of consumer expenditures, while the negative effect was not prevalent across all spending categories.

Mishra and Dhanerwal (2020) found that consumer demand is expected to decline significantly for discretionary and planned items during the financial year 2020-2021. As a result, the market for all sectors will likely be low even when the economy will usually run.

Mehta et al. (2020) concluded that the pandemic presents an excellent opportunity for marketers to create awareness among critical mass for orbit shifting acceleration pointing towards organic living with the help of their products and services. Their study suggests the marketers make a new segment of the conscious younger generation.

Pham et al. (2020) found that the covid-19 pandemic had a significant influence on the online shopping behavior of Vietnamese customers. So, the perception of the benefits of online shopping for consumers during the covid-19 epidemic has changed significantly.

Sheth (2020) found eight immediate impacts of COVID-19 viz hoarding, improvisation, pent-up demand, embracing digital technology, blurring work-life boundaries, store to home, reunions with family and friends, and talent discovery. The lockdown and social distancing to combat the covid-19 virus have generated significant disruptions in consumer behavior. Consumers have learned to improvise in creative and innovative ways.

Borsellino et al. (2020) concluded that the covid-19

crisis had fostered awareness among people regarding the importance of agro-food products, which have become a staple in all countries that have endured a period of lockdown.

Kumar and Abdin (2021) concluded that epidemics and pandemics profoundly impact the pattern of consumption in India. As a result, the consumption pattern of urban consumers witnessed more change than the consumption patterns of rural consumers.

Research Gap:

The main reason for this study is that although scholars have researched the impact of the first wave of the covid-19 pandemic world over, there are no significant studies about the impact of second-wave, which is more deadly. The other reason for writing this paper is that urban consumers are more affected because of the closure of most outlets that they are more associated with to satisfy their needs and wants like restaurants, gyms, malls, etc. Therefore, efforts are made to analyze how they are coping up with the current situation.

Research Objectives:

The study tries to find out the impact of the second wave of covid-19 on urban consumers. Following are the primary objectives of the study:

- To analyze the impact of the second wave of covid-19 on the consumption pattern of urban consumers.
- To identify the shopping habits of the urban

Demographic profile of the respondents:

It is given in Table 1 to Table 7:

Table 1: Gender

Levels	Counts	% of Total	Cumulative %
F	36	35.0 %	35.0 %
M	67	65.0 %	100.0 %

Table 1. shows that out of total respondents, male respondents are more in numbers with 65%. Female respondents are 35% of the total respondents. Table 2. shows that most respondents belong to the age group of 35-44 with 35%. 31% belong to the age group of 26-34, whereas 23% are from the 18-25 years. Table 3. shows

consumers in the current situation of the pandemic.

- To identify the critical differences between consumer behavior's buying behavior in current and that of pre covid environment/times.

Research Methodology:

More than 200 questionnaires were sent to the people residing in different parts of Varanasi and nearby towns through google forms for the study's objectives, out of which 103 responded. No one wants to have physical interaction with any outsiders during the pandemic, so questionnaires were not distributed in physical form. Few consumers were also interviewed on the phone call to record their responses. The data was collected from April 16, 2021, to May 18, 2021. This time frame was chosen to assess the immediate impact of the pandemic on consumption patterns. The main reason for going through an online questionnaire is that people avoid having physical interaction with anyone except their family members. The other reason was that the local authorities imposed some restrictions on the movement in the city. Collected data were analyzed with MS-Excel and Jamovi version 1.6.23 software.

Analysis and Interpretation of Data:

In this section, data collected are analyzed, and the findings are discussed. The section is divided into two parts. The first part deals with the demographic profile of the respondents who responded to the questions asked. In the second part, the consumption patterns of the selected urban consumers are discussed.

that majority of the respondents are post-graduate with 83%, graduate and others are almost equal in numbers from 7 to 8%. Table 4. shows that most of the respondents are working in private sector organizations with 52% followed by approx 16% government employees. Table 5. shows that most of the respondents belong to the

regular nature of employment, with 56% of total respondents and more than 24% are working on a contract basis. Table 6. describes that most of the respondents belong to the income range of ₹20000 to

30000, with 36% of total respondents and approx 23% are earning more than ₹50000. Table 7. shows that married respondents are more in numbers with 57% of total respondents followed by 43% unmarried ones.

Table 2: Age

Levels	Counts	% of Total	Cumulative %
18-25	24	23.3 %	23.3 %
26-34	32	31.1 %	54.4 %
35-44	36	35.0 %	89.3 %
45 or Above	11	10.7 %	100.0 %

Table 3: Educational Qualification

Levels	Counts	% of Total	Cumulative %
Graduate	8	7.8 %	7.8 %
Others	9	8.7 %	16.5 %
PG	86	83.5 %	100.0 %

Table 4: Occupation

Levels	Counts	% of Total	Cumulative %
Govt.	16	15.7 %	15.7 %
PVT	53	52.0 %	67.6 %
Professional	11	10.8 %	78.4 %
Self employed / Business	7	6.9 %	85.3 %
Unemployed	15	14.7 %	100.0 %

Consumption Patterns of the Consumers:

When the respondents were asked whether their spending habits have changed or not, most of them responded that there is a sea change in their spending habits in the current situation. More than 50 % of total respondents answered that their spending had gone down in the current condition of the pandemic, whereas 26% of respondent's spending have increased. When they were asked about the reason behind spending a lesser amount, it was found that their spending has gone down because of the closure of restaurants, hotels, gyms, spas, malls, etc., and partial lockdown.

About the place of purchase in the current situation, approximately 47% responded that they were purchasing from unorganized outlets; most were purchased from organized retail outlets earlier. Although this behavior is because of the threat of infection, most respondents prefer to buy most of their products from nearby Kirana shops. Apart from that, 28% are purchasing from online shopping sites as significant e-commerce sites offer groceries and daily use. The main reason for shopping/ purchasing from online shopping sites is that they don't want to go out shopping.

Table 5: Nature of Employment

Levels	Counts	% of Total	Cumulative %
Contractual	25	24.5 %	24.5 %
Not App	16	15.7 %	40.2 %
Part-Time	4	3.9 %	44.1 %
Regular	57	55.9 %	100.0 %

Table 6: Monthly Income In ₹

Levels	Counts	% of Total	Cumulative %
20K-30K	34	36.2 %	36.2 %
30K-40K	16	17.0 %	53.2 %
40K-50K	9	9.6 %	62.8 %
Above 50K	22	23.4 %	86.2 %
Below 20K	13	13.8 %	100.0 %

Table 7: Marital Status

Levels	Counts	% of Total	Cumulative %
Married	59	57.3 %	57.3 %
Unmarried	44	42.7 %	100.0 %

One of the findings was also very important that more than 65% of the respondents are shopping/ purchasing less frequently in the current situation of the pandemic; this finding also indicates that people are afraid of going out for any shopping/ purchasing. But, on the other hand, Approx 16% have responded that there is no change in their frequency of shopping.

One very significant finding was that 95% of the respondents are mainly spending on essentials. The main reason behind this behavior is that most of the outlets are closed to follow the local authority/ administration orders. Only necessities are allowed to be distributed for a specific period in a day.

Answering the question about the change in the number of online purchases, almost half of the respondents (49%) responded that the amount spent on online purchases has increased because of the simple reason that they are afraid of going out. The other reason is that e-commerce sites are selling essentials at a reasonable price. Apart from essential items, other items like apparel, etc., are also available on these sites. But, unfortunately, their stores are not allowed to open.

As far as savings in the current situation of the pandemic is a concern, 40% responded that their savings are

decreased. However, when they were asked about the reason, it was found that their significant spending was on health care products, including medicines, fruits, etc. On the other hand, a considerable percentage of respondent's (31%) savings have increased.

Conclusion:

- Based on the above findings, it has been concluded that:
- The Second wave of COVID-19 have a significant impact on consumption patterns of urban consumers as due to the closure of restaurants, malls, gym, cinema theatres, etc., their spending habits have changed. As a result, they spend a lesser amount of their income to satisfy their needs and want to be compared to the pre-covid situation. This conclusion supports the findings of Mishra and Dhanerwal (2020) & Kumar and Abdin (2021) that there is a decrease in the overall spending of urban consumers.
- People have compromised with their store patronage as many of them have started purchasing their daily use items from unorganized retail outlets. A significant percentage of people have started shopping from online shopping sites because of the

social distancing mandates and lockdown. Pham et al. (2020) & Sheth (2020) have also found that people have started online shopping as an alternative.

- The fear of getting infected and losing lives has resulted in less shopping by the urban consumers in the current situation. Sheth (2020) has also concluded that there is a significant decrease in the frequency of shopping.
- Most of the respondents have shifted their spending from the mix of items to essentials only. People's consciousness towards health and closure of non-essential item outlets are the two main reasons for that. However, Jung et al. (2016), Borsellino et al. (2020) & Kumar and Abdin (2021) have also concluded that there was no negative impact across all categories, and most of the purchase has been made on essential items.
- The online shopping sites have also increased the number of shoppers in the current situation because people have started online shopping for those items. However, they were dependent on offline/ store shopping. Pham et al. (2020) & Sheth (2020) have also concluded that there has been a significant increase in online shopping during the pandemic.
- Though the consumers are shopping less frequently, their savings have decreased because of the extra expenses on health care items.

Recommendations/ Managerial Implications:

Based on findings and conclusion following recommendations are given for the marketers to adopt in the future:

- Since the city consumers like Varanasi and nearby towns mainly depend upon the local Kirana stores for their household purchases, these traders are recommended to take orders on a phone call or WhatsApp or other messaging apps and deliver their doorsteps. Big organized retailers like Spencer's and Big Bazaar have already started the home delivery service in the area selected for the study.
- Many consumers have started using online shopping

sites for their necessities. Like the big brands, local brands or companies should also begin their online platforms to serve the consumers. In that way, they would increase the frequency and shopping items as people are more afraid of going out now.

- Out of all the essential items, significant purchasing has been done on health care products like multivitamins and immunity boosters. Hence, the companies indulged in manufacturing and distributing food items are recommended to add these ingredients and try to promote them as much as possible.
- There has been an exponential increase in digital payments, the companies and government should try to encourage digital payments to motivate those who are still hesitant in using such platforms.

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