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Comparative Research on the changing Consumer Behaviour from Discretionary Products to Essential Products during COVID-19

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Abstract: *Corona Virus had a life changing impact all around the globe but when it comes to Business and Consumers, it has embossed a massive change as both of these elements fuels the Indian economy. In India generally there was less or no impact of corona virus on the consumer behaviour during the initial stage but now being on the third most impacted country on the globe, there are certain amount of changes that had been observed in the consumer behaviour. This study is hereby conducted to understand the impact of coronavirus on the shopping behaviour of the consumer when it comes to essential and discretionary products. Apart from this, this study is conducted to forecast the Post Corona trends across different industries with respect to Essential and Discretionary products.*

Keywords: *Consumer Behaviour, Customer Psychology, Discretionary Products, Pandemic trends, COVID19.*

I. INTRODUCTION

Consumer Behaviour is the detailed study to choose, use and dispose of various kind of good and services where several other factors like emotion, behaviour and their sentiments also plays an integral role towards their behavioural response for the particular offerings, when it comes to a certain kind of product consumer behaviour is completely dependent on its nature and the frequency to buy it, this becomes the most important aspect to understand the sentiment of consumer for that product especially in Corona crisis. Generally, products are categorised into three different parts namely Essential Products which now a days called as necessities, then comes Discretionary Products that includes Non-Essential products and services, like Refrigerators, Home Appliances, etc. And the last one is Non-Discretionary Products which include products like all Real Estate Taxes, Insurance Premiums and Utilities relating to the Property.

Due to Corona Virus re-calibration of consumer wallet is evident as consumers have started constructing their future expenditure keeping in mind different terms like Quality, Safety and Trust which has made consumers to consider those brands which are “tried and tested” in this uncertain situation.

OBJECTIVE OF THE STUDY

- To understand the consumer behaviour towards Essential products post-covid.
- To understand the consumer behaviour towards Discretionary products post-covid.

- Understand the customer psychology and logic behind the Essential and Discretionary purchases.
- To understand the post corona trends in expenditure in two distinct categories of products.

HYPOTHESIS STATEMENT

H1- Expenditure on Essential Products < Expenditure on Discretionary Products

H0- Expenditure on Discretionary Products > Expenditure on Essential Products

II. SAMPLE DESIGN

Data has been collected from different cities and various parts of India. In this pandemic situation it is necessary to understand how consumer behaves and these target audiences selected very well comply with the research conducted.

Size of Research- 151 Respondents

Locations- PAN Share

Timescale of the Study- 20 Days

Target- Mainly two types of audiences are targeted for this research namely Students and Young working professionals.

III. DATA COLLECTION METHOD

Primary Research

As a part of primary research questionnaire were used to gather information from the respondents.

Secondary Research

Also, a certain kind of secondary research is conducted as a part of literature review to have a deep understanding about the research objective.

IV. LITERATURE REVIEW

ACCENTURE- The Accenture Research Report gives the direction on Consumer attitude and behaviour in relation to their buying habits and how Corona has changed the whole paradox of brick and mortar stores and people buying from there, Post Corona trends in industries are more inclined towards basic and essential needs of the buyers with help of E-commerce and how workforce is shifted online influencing the purchase of Consumer Electronics and other essential products to work from home. This research gives the glimpse and helps to understand the consumer in covid crisis and post covid crisis and how people are getting use to new normal which also influences their attitude, behaviour, and their buying habits. (Wright & Blackburn, 2020).

MCKINSEY- COVID-19 has really impacted the consumer behaviour from high to toes. today everywhere people are learning to live with the reality of COVID. there are many places where this pandemic has impacted the most important place to be the consumer mindset from shifting to the value and essential only. Since this thing have negatively affected the finances of every citizen across the globe, there are crucial evidences suggesting this shift. Knowing the fact of the financial uncertainty this continuous shift has not only impacted the own country GDP but also have impacted the China's GDP since it was the biggest hub of Discretionary trade all over the globe. (Arora & Robbinson, 2020).

FINANCIAL EXPRESS- In the recent survey it was found that 72% of the consumers are ready to buy locally sourced items rather than making some branded purchases. Consumers are now carefully evaluating different products based on their price, quality and safety and then making their choices. even consumers are spending their less and saving them more because of this uncertainty.

According to survey it was seen that more than 55% of the respondents are willing to spend more on discretionary products rather than essential products. This report draws the market attention towards many entrepreneurs who were involved in Discretionary trade. (Brandwagon Online, 2020).

JOURNAL OF RISK AND FINANCIAL MANAGEMENT - Coronavirus has recently impacted the buying and consuming decisions of the consumer. Now consumers attitude and behaviour are changing from discretionary products to essential product. not only that consumers behaviour is also the result of various other factors like Panic Buying which is common among citizens in case of natural disasters or any such situations in this case Covid-19. Herd Mentality which is the orthodox thinking of following what others are saying. this has resulted in a huge amount of discretionary purchase. When it comes to the average spent of the consumer it can be seen in this report that there is an 80% increase in retail expend of consumers towards essential especially groceries, pharma, and toiletries items rather than anything else. (Loxton, et al., 2020).

V. ANALYSIS PART 1

I. Demographics

AGE: From the research conducted, it can infer that the majority of the people are Youth belongs to the category of age 18-25 years. Then comes the age group of people belongs to the bucket of 26-33. This shows that the majority of target comprises of youth generation.

II Gender

Coming to the type of population targeted for this research, target group comprises of male population having a 2-fold voice than the female population out of 38% population which is 151 target audience.

III. Profession

As per the study it can be concluded that 55% of the respondents are students, then comes the 38% population who are working professionals. These two categories self-comprised of a total of more than 90% of population.

IV. Concerns

Everyone in today's arena are living and suffering from the massive impact of corona virus. When it comes to study, more than 70% of the respondents are highly concerned about the impact of coronavirus on their life. It is also observed from this data that almost 20% of the population is confused and are not aware about the impact of coronavirus in their daily life.

V. Impact on Shopping Behaviour

According to the research it is clearly seen that Coronavirus has exhibited a massive impact on the shopping behaviour of the respondents, however it is unknown about the positive and negative aspect of that.

VI. Spending based on nature of product

When it comes to understanding the shopping behaviour of the respondents, they were given three preferences to allocate their spending's which are Essential products which are food and essentials, also masks, sanitizers and other preventive kits come under this category because of Coronavirus, then there is discretionary products which are basically high end products on which a large investment is incurred and then there is the non-discretionary products which includes aids like insurance, policies and Mediclaim's. Based on the research it can be observed that more than 95% of the respondents prefer to buy Essential products only.

VII. Should Discretionary Products start selling Essential Products

As per the study conducted by this research it was clearly seen that most of the respondents are likely to favour the brands who are changing their way of offerings from discretionary products to Essential products. We have also seen various brands changing their way of communicating and offerings.

For Example: Asian Paints one of the biggest Indian home dealer supplying home painting products have started manufacturing Masks during these pandemic times. This graph shows that nearly 55% of the respondents prefer that brand should change their offerings or should focus more on delivering essential products rather than Discretionary Products.

VIII. Expenditure Based on Nature of Products during Covid-19

This kind of question was asked in this research in order to understand the how much respondents are willing to spend in both of these categories whether in case of Essential products and Discretionary products.

IX. I Expenditure based on essential Products

After analysing the expenditure based on essential product it is clearly observed that 46% of the respondents are spending on an average of Rs 10,000 on the essential products. Also, more than 75% of the respondents account for an average expenditure of Rs. 17,500 during coronavirus.

IX. II Expenditure based on Discretionary Products

After analysing the expenditure based on Discretionary product it is clearly observed that more than 80% of the respondents are spending less than Rs. 25,000 on Discretionary products. Respondents spending and trying to save money during these times may be a reason for not spending on Discretionary products. Apart from this nearly 4% of the population is there who are spending more than Rs. 50,000 on Discretionary products.

X. Trusted source of information when it comes to making purchase

According to our analysis, the trusted source from which people usually preferred making purchases in this pandemic was E-COMMERCE and BRAND ONLINE CHANNEL were least preferred, whereas Media and In-person Experience were somewhat taken into account to do purchase. This shows that how consumers have shifted their preference from In-person Experience to E-commerce due to this pandemic situation.

53% of people use E-commerce platforms for purchasing products online on the other hand In-person Experience has been came down to 28%.

XI. Factors considered while making purchases during Covid-19

When we analysed the factors which people consider while buying in this pandemic situation is more inclined towards Health and Hygiene, 71% people consider Health and Hygiene to be the most important parameter while buying in Covid-19, Consumers also consider quality and cost for purchasing product but at lower percentage as compared to Health and Hygiene Factor.

Example: Hygiene factor is essential for consumer, thus Zomato and Swiggy are continuously showing the factors which they are considering for delivering their consumers.

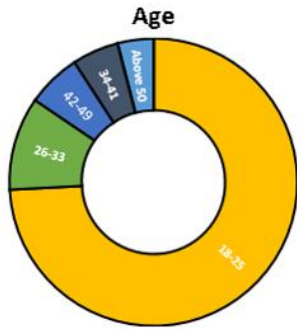


Chart 1: Age

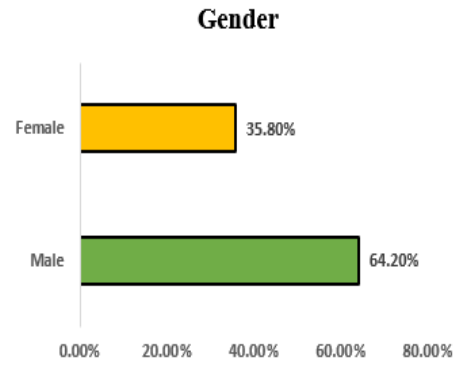


Chart 2: Gender

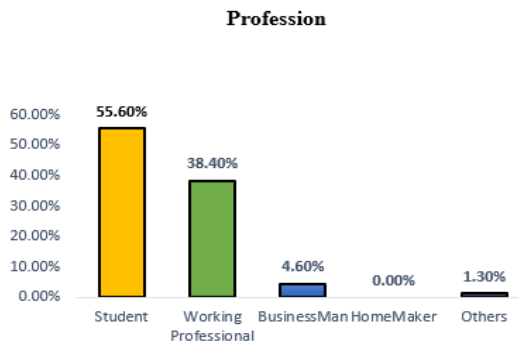


Chart 3: Profession

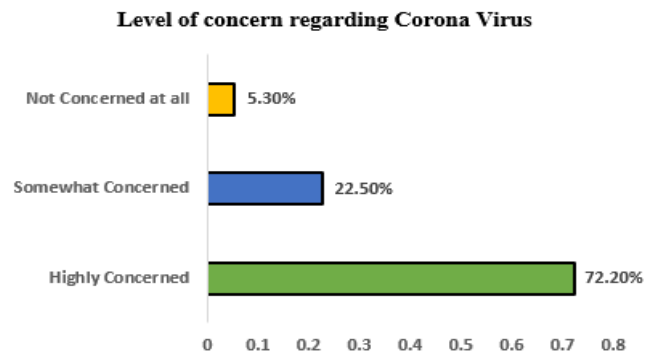


Chart 4: Level of Concern – Corona Virus

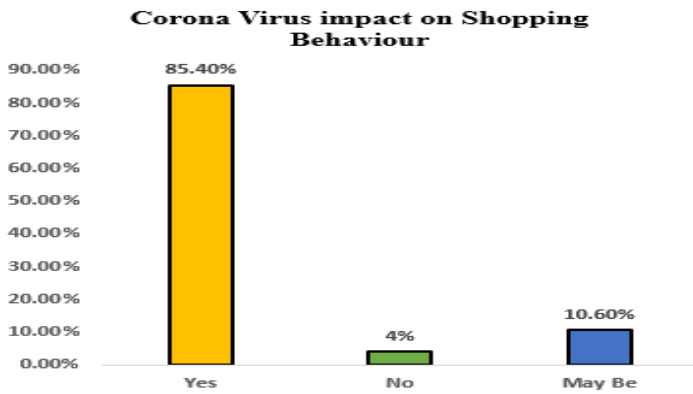


Chart 5: Corona Virus Impact on Shopping Behavior

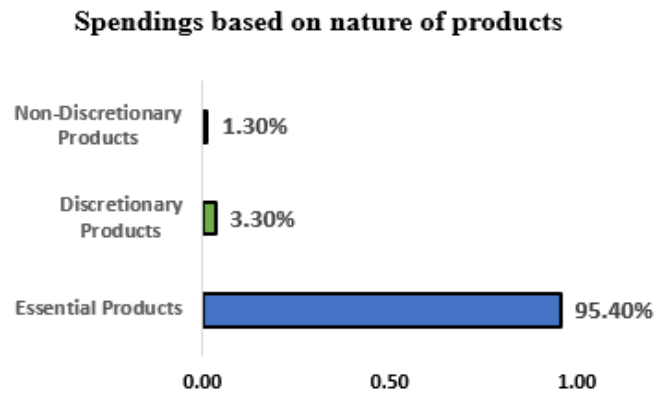


Chart 6: Spending based on nature of products

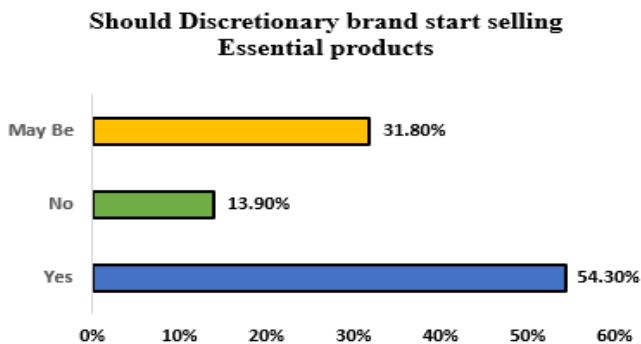


Chart 7: Discretionary brand start selling essential products

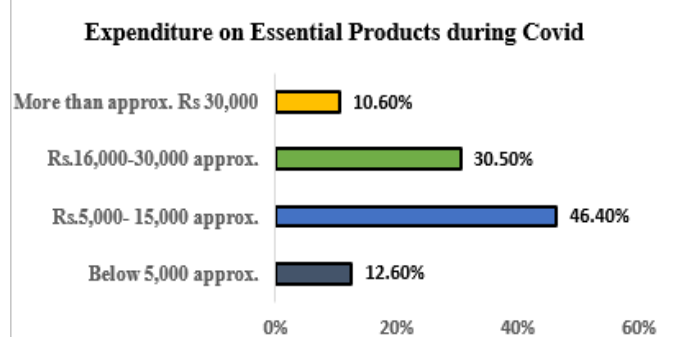


Chart 8: Expenditure on Essential Product during COVID

Expenditure on Discretionary Products during Covid

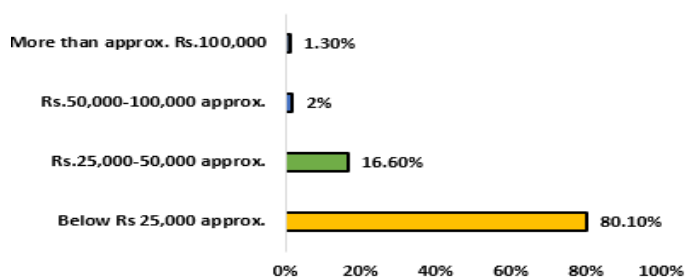


Chart 9: Expenditure on Discretionary Products during COVID

Trusted source of Information when it comes to making Purchase

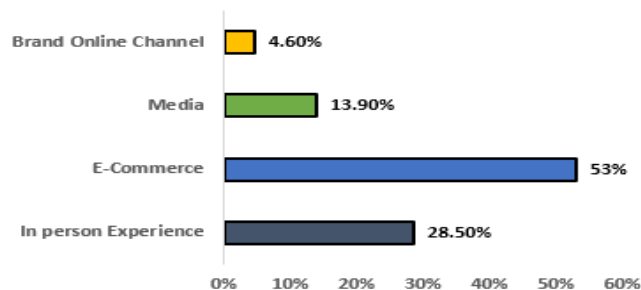


Chart 10: Trust Source – Purchase

Factors considered while making purchase in Covid-19

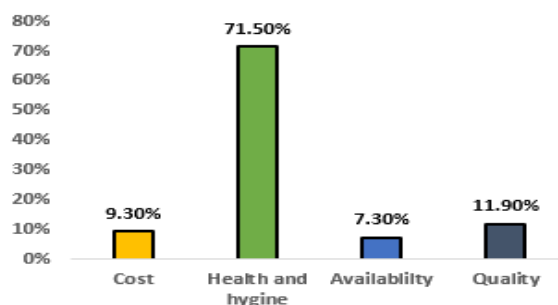


Chart 11: Purchase Factor – COVID 19

VI. ANALYSIS PART 2

We analysed that in which industry people usually have done more expenses in the lockdown phase so that we can reach to a comparison between Discretionary and Essential Products.

According to the analysis we found people have made more purchase in Health and Care Products and in FMCG industry.

Whereas industry from which least purchases have done are on High End Apparel and Leisure products, which easily shows that people have purchased essential products more as compared to discretionary purchases.

As we can see in lockdown people have subscribed to more Entertainment (OTT Platforms) our analysis shows that around 68% of purchases are done on subscribing these platforms.

However, this study is also conducted to understand the changing consumer behaviour both in terms of their purchase and their behaviour towards different category of products. Not only we are able to understand the change in buying behaviour of the consumer from this analysis, but also it is understood that respondents are not only spending their money in case of essential and daily necessities, but in this case, respondents are rarely spending towards high end products.

Recent Purchases during Covid-19

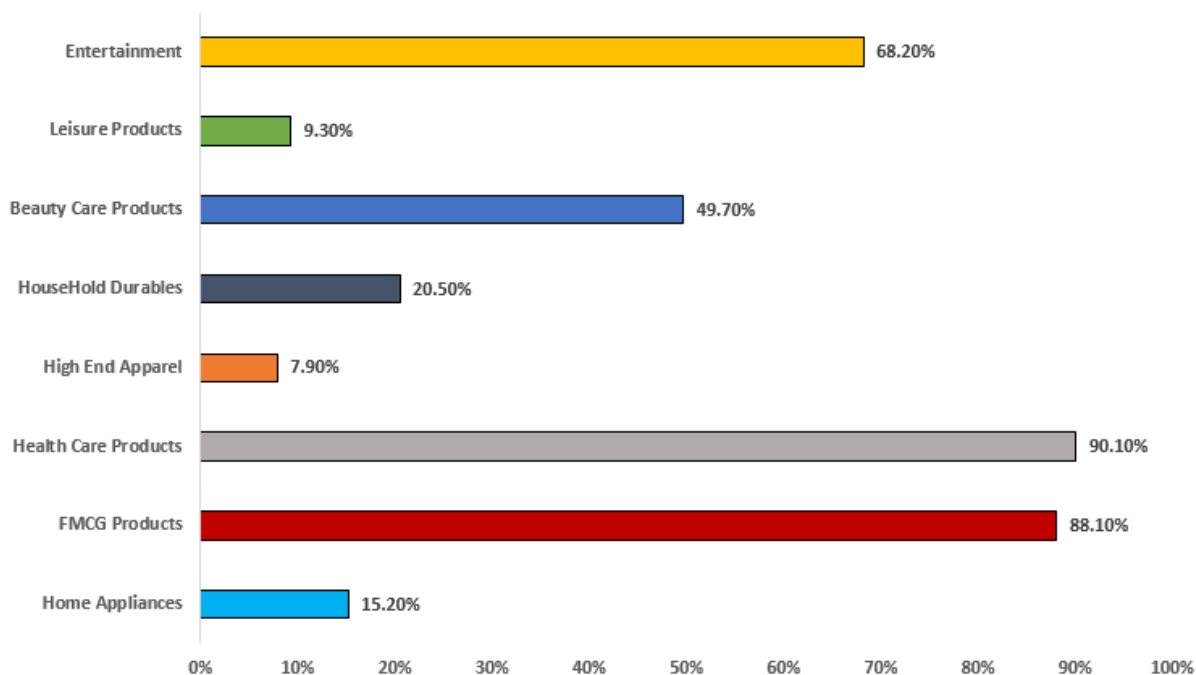


Chart 12: Recent Purchases during COVID 19

POST CORONA PURCHASE ANALYSIS**Household Expenditure**

Four factors are considered when it comes to the household segment namely household supplies, personal care products, skin care products and Furnishing and appliances. After analysing these responses, it was seen that respondents are ready to have their frequent buys in case of first three products but when it comes to the furnishing and appliances almost every respondent not at all prefer to make their purchase regarding the same.

Entertainment

When it comes to the entertainment sector, three things or verticals are considered namely home entertainment, Books and prints and Consumer electronics. It can be seen from the research that consumers are more likely to spend their worth on OTT platforms rather than books and prints and consumer electronics which includes Music systems, home theatre etc.

Food and Groceries

Food and Groceries become essential products in the pandemic situation as consumers have shifted to online medium for purchasing groceries, according to our analysis groceries are frequently purchased items which are taken as essential products for day to day living.

Snacks which comes under Consumer Packed Goods are purchased frequently and weekly according to our analysis, Work from home has made snacks frequently consumables.

We have considered take out deliveries of food into our analysis to study the consumer behaviour on ordering food with help of Zomato and Swiggy while considering their Hygiene factor.

Going to restaurants and consumption of Alcohol are the least consumed according to our study or we can say they are taken into discretionary categories.

Travel and Transportation

According to above graph we can see the buying behaviour of travel and transportation after two months of post covid situation. So, we can see that vehicle purchase behaviour is mostly toward not at all so people will not invest on vehicle after 2months according to our data. In case of flight ticket purchase there is also mostly toward not at all because people feel not safe within 2 months to travel according to our data we came to this conclusion, simultaneously booking hotel behaviour is also mostly toward not at all because flight ticket and hotel booking are mostly inter related. Even people are not preferring short term rentals within 2 months as people are more concerned with their health and safety.

High End Apparel

High End Apparel are considered to be Discretionary Category thus 50% consumer have not all purchased or have purchased less frequently.

60% and above people consider buying Accessories and Jewellery as luxurious items thus in our analysis these items become not at all or less frequently purchased apparel item.

Health and Fitness

According to above graph we can see the buying behaviour of fitness and wellness after two months of post covid situation, we can see that fitness and wellness industry is 60% of people will not invest on fitness and health also 40% of people are ready to invest on this industry after 2 months according to our data. In case of health care service 50% of people are less frequently toward it and 50% of people are frequently toward health care service according to our data.

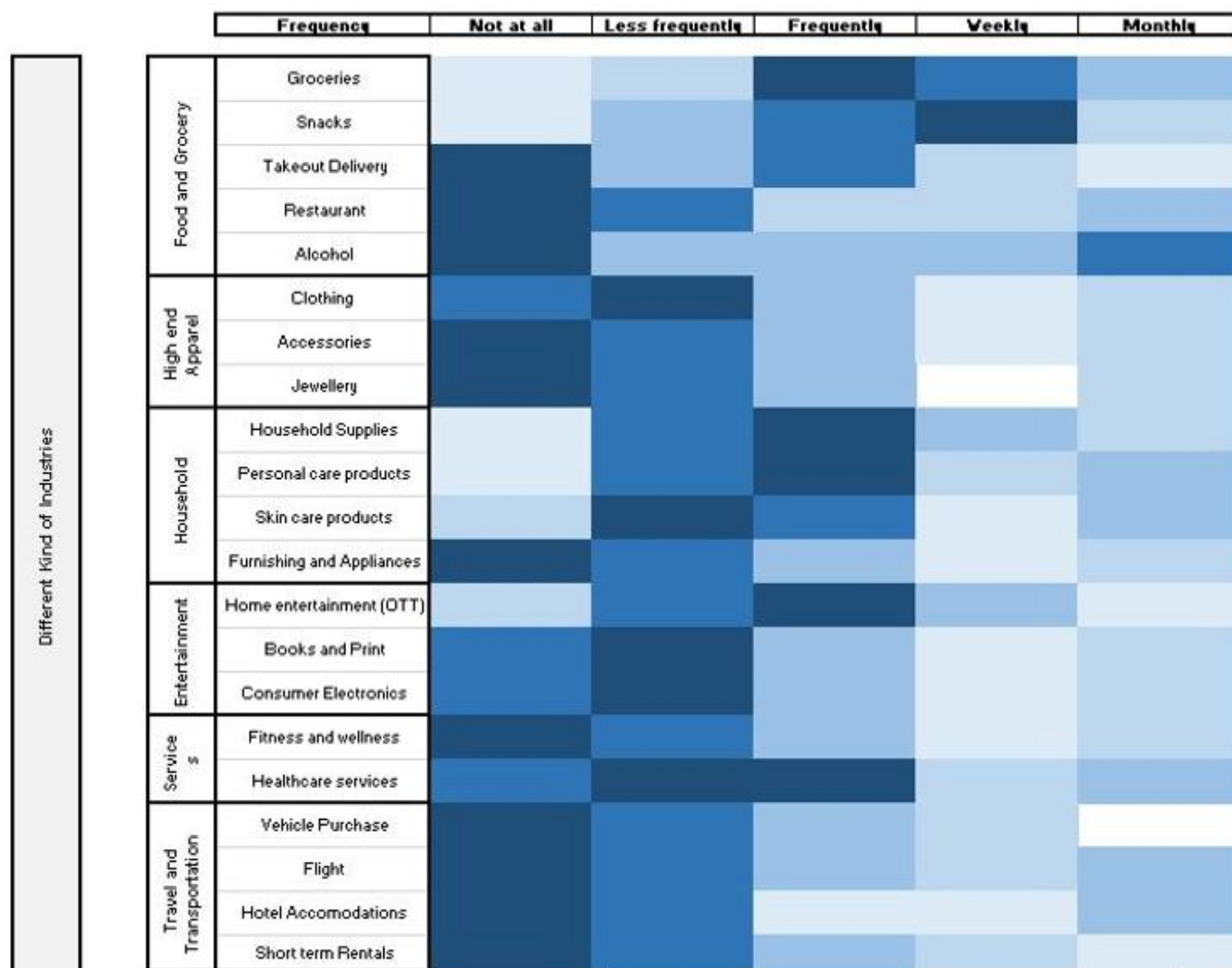


Chart 13: Industry Based Report

VII. FINDING AND OBSERVATION

Followings were the observations and findings which can be derived from the research and its analysis:

- Respondents prefer Essential products over the Discretionary products.
- Also, another thing that can be derived for this analysis is that respondents are more tends to save their money rather than spending on anything.
- Another thing that can be derived from this research is the proprieties of the respondents in terms of various business sectors of the market.
- Also, it is visible from this research that consumers want the famous brand or high-end brands to take initiatives and try to contribute towards the essential commodities.
- This research also shows the preferences of respondents during and post corona.
- Another thing which can be determined from this research is the level of expenditure of the respondents during these pandemic times.

VIII. RECOMMENDATIONS

According to our analysis, the study for Consumer Behaviour pertaining to their purchases on Essential and Discretionary Products, Corona virus have marked its wrath on various industries like Tourism Industry, Hospitality Industry, Textile Industry and Automobile Industry. These are seen as the luxuries on which people have limited their expenditure. There are many industries which have diversified themselves into the present needs and wants of customers and consumers. We have seen Apparel Industries which have started making mask with their branded labels on them to have a major come back in the minds of customer. Chemical Industries are the other example of diversification considering the need to shift from being a luxurious item and going to be an essential item Asian Paints have started manufacturing of Sanitizer using some chemical formulae. Thus, to remain in market companies should try different tactics as some companies are trying to do. Consumer have shifted their expenditure on Essential items in post- Covid situation.

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