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IMPACT OF COVID-19 LOCKDOWN ON THE CONSUMER BEHAVIOUR OF PEOPLE: TRACES FROM KERALA

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Abstract

The study aims to analyse the impact of COVID-19 lockdown on the consumer behaviour of people in Kerala. Initially, the COVID-19 disease was seen only in international travellers and it gradually spread among the population of Kerala which is having a large number of NRIs working abroad. Since the spread of disease could be controlled primarily through social distancing and to prepare the entire system for the unprecedented situation, India also enforced a national lockdown from 24th March 2020 to 31st May 2020 in different phases including that of Kerala state. All the business establishments and public transport systems were closed during this period except those meant for emergency services. Shops catering to food, grocery items and medical shops were only allowed to function. All the social gatherings including marriage functions, religious gatherings and other entertainments that involved gatherings were banned or restricted. The study is undertaken to examine how the COVID-19 lockdown has influenced the consumer behaviour of people in Kerala and to analyse the challenges faced by consumers in the lockdown and post-lockdown scenario. A systematic random sampling of 53 samples across South, Central and North Kerala was selected for the study. The study found out that even though the income of consumers declined, their saving has increased. Consumers have postponed consumption and there is much increase in digital payments. It is further found that whatever changes the consumers have made during the COVID-19 lockdown are going to continue in the post-lockdown scenario also.

Key words: COVID-19 pandemic, Consumer Behaviour, Lockdown.

Introduction

Following the spread of the COVID-19 virus from the Chinese city of Wuhan, the virus reached India in the Trissur district of Kerala from a student who returned from Wuhan, China. A nationwide lockdown in India including that of Kerala was

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enforced with effect from 25th March 2020 to 31st May 2020 to contain the spread of the Coronavirus and to prepare the system to fight against the pandemic on the declaration of COVID-19 a pandemic by the World Health Organisation (WHO) (The Lancet Infectious Diseases, 2020) on March 11th. A lockdown in India was unprecedented and the people were not prepared to face it. The consumers were trying to panic buying just before the announcement of the lockdown. However, this trend changed once the lockdown entered the second phase. A 'break the chain' campaign was initiated in Kerala to promote personal hygiene, frequent washing of hands with soap and water, social distancing and use of hand sanitizers. The government discouraged and penalised public gatherings and only the essential commodity selling shops were permitted to open that too for a stipulated time. Consumers limited their consumption to essential commodities and postponed their not-so-necessary consumption. This study will analyse the consumer behaviour during the lockdown period and how this change in consumer behaviour is going to last in the post-lockdown period.

The study aims to analyse consumer behaviour like pre-purchase thinking, and purchase and post-purchase satisfaction during the lockdown period in Kerala from 24th March 2020 to 31st May 2020. This study focuses on the changes in the consumer behaviour of people during this lockdown period and will analyse whether this change would persist even after the lockdown period is over. Lockdown is an unprecedented situation (Eger et al., 2021) faced by this generation of people with a pandemic situation all around and the enemy is invisible. In this situation, survival is the first choice for all rational individuals and their consumption is likely to go in that direction. Very few studies have been undertaken in this area since this is a new situation all over the world. Therefore, this study is undertaken to analyse the consumer behaviour of the people of Kerala in the lockdown period and to examine how this change in consumer behaviour is going to last in the days to come. The geographical area selected for this study is Kerala state in India.

Time was a major constraint since the study has been conducted for a month. The number of respondents is also small considering the pandemic condition of Kerala. An extensive in-depth literature review could not be conducted due to the lack of the same. The study could have been more comprehensive if the market condition like demand and supply factors, legal aspects, and socio-economic aspects were also analysed in detail.

Literature Review

Flatters & Willmott (2009) in their study argued that during crisis, the offers will be scanty and the purchases of people will be limited by this fact alone. Moreover, the crisis will reinforce the consumer to purchase more value for money products. Interestingly, a behaviour change that has occurred during a crisis would continue even after the crisis is over. The study also found that even the rich people will realise their fault with excess consumption and they will teach their children to be modest and simple in their consumption and focus on recycling.

Bharat Patil and Nerita Patil (2020) in their study on COVID-19 came out with the conclusion that consumer behaviour is highly susceptible during the lockdown period and suggested that consumers should be very careful and social distancing norms should be practised while purchasing grocery items, vegetables, milk, medicine and LPG cylinder. They are also very vigilant while visiting banks and post offices for services. They suggested promoting online transaction habits among consumers. It is also suggested to take proper diet to enhance immunity power and to maintain proper physical and mental health. Moreover, there should be effective financial and food security schemes for unorganised employees in different sectors for safeguarding poor consumers.

Vilas Chouhan and Heer Singh (2020) in their empirical analysis on the consumer behaviour as a result of COVID-19 pandemic outbreak in Vadodara and Gandhinagar in Gujarat identified that the supply chain of the logistics of FMCG products have been disrupted and thereby the inventories have dried up. Demand for hygiene products have increased and industries like apparel have become discretionary. There was a reduction in spending due to diminished purchasing power. Digital purchases have also increased in the wake of COVID 19.

Laguna et al., (2020) in their study on COVID-19 lockdown on food consumption based on social media and an online survey on Spanish consumers came up with a result that consumer’s interest in restaurants has decreased. In addition to this, the frequency of purchase has drastically reduced in the case of perishable food items especially seafood. More vegetables were purchased on the conviction that it was healthier.

Revathi & Balaji (2020) concluded that e-wallet users have shown increased use of it especially during the pandemic period in Chennai from the fear of the spread of pandemic.

Abe (2020) in her report argued that people will tend to postpone no-essential consumption like jewellery, clothing etc. during crisis period to a future period.

From the literature review, it has revealed that no comprehensive study on the effect of COVID-19 lockdown on consumer behaviour has been carried out in Kerala. Therefore the study is undertaken.

Objectives

- To understand the effects of COVID-19 lockdown on the consumption behaviour of people and to identify the challenges faced by the consumers during the period of the COVID-19 pandemic.
- To evaluate the factors that influenced the consumption behaviour during the COVID-19 pandemic and to examine how the changed consumer behaviour continues after the pandemic.

Material and methods of the study

The sample was collected from the state of Kerala on a stratified random sampling method and data was collected through Google forms. The period of study was the month of April 2020 and data was recorded from 53 samples across Kerala. Kerala has been divided into three zones viz. South zone, Central zone and North zone. 15 samples were collected from the South Zone, 20 samples from the Central Zone and 18 samples from the North Zone based on the concentration of consumers and retail shops. The sample represents all the sections of society based on income, religion and employment. Interviews and discussions over the phone were also conducted among shopkeepers and consumers to get an in-depth understanding of the impact of COVID-19 on the lives of people. Inferences from this also have been incorporated into the study and it is included in the final suggestions. All the available literature has also been explored to have an in-depth understanding of consumer behaviour during a crisis.

Discussion

Following the '*Janatha curfew'* on 22nd March 2020, a nationwide lockdown was announced in India from 24th March 2020 to 31st May 2020. Thereafter unlock was announced in a phased manner. When the lockdown was announced in the country, there was no precedence of such an experience and the consumers were stuck in a panic, especially on what to buy, what kind of items to be stored etc. All the transport means were stopped including that trains. People were stranded at various places in India and they were in total confusion. Panic-stricken consumers tried to store as many as staple food items initially and various state governments stepped into the supply of essential food items through ration shops. Strict observance of social distancing norms was imposed in Kerala, especially in the market places.

Table 1. Income of the respondents

Income (In Rs)	No: of respondents	Percentage
Below 10000	4	7.5
10000-20000	4	7.5
20000-30000	3	5.6
30000-40000	7	13.2
40000-50000	7	13.2
Above 50000	28	52.8

Source: Primary data

The police force was entrusted with the additional responsibility of maintaining social distancing in the market places as well. Service of Sectorial Magistrates was also used for a short period for reducing the crowding at markets and retail shops and for penalising the wrongdoers. These kinds of restrictions have added to the confusion and agony of the consumers. There was a huge shortage of essential items and some of the retailers were black marketing the essential items by making use of the windfall opportunity. Consumers postponed their less essential items for a future date and concentrated on the immediate necessities. This was the background on which the online survey using questionnaire through Google forms was conducted for the last two weeks of May 2020. 53 consumers from various spheres across Kerala have participated in the survey.

Table 1 revealed that the majority (28) of the respondents are having a monthly income above fifty thousand Rupees and the low-income group below constitutes 8 respondents. The rest of the respondents are having incomes between twenty thousand to fifty thousand. 32 (60.3%) respondents out of 53 samples have reported that there is a fall in their income and 21 (39.6) respondents reported that there is no fall in their income. 11.1% of the respondents have reported a 100% fall in their income, and 2.8 % of respondents have a 75% fall in their income. 11.1% of the respondents are having a 50% fall in their income, and 25% of respondents reported a 25% fall in their income due to lockdown. 50% of the respondents have reported a fall in their income below 25%.

Table 2. % of consumption out of monthly income before and during lockdown

Percentage of consumption out of the monthly income	No. of respondents (Before lockdown)	Percentage of respondents (Before lockdown)	No. of respondents (During lockdown)	Percentage of respondents (During lockdown)
Below 10	1	1.9	4	7.7
10-15	1	1.9	4	7.7
15-20	3	5.8	8	15.4
20-30	8	15.4	10	19.2
30-40	5	9.6	5	9.6
40-50	8	15.4	6	11.5
50-60	3	5.8	3	5.8
60-70	3	5.8	1	1.9
70-80	9	17.3	3	5.8
80-90	6	11.5	3	5.8
90-100	6	11.5	6	11.5

Source: Primary data

From the above data, it is clear that the rate of consumption per month has declined during the COVID 19 lockdown. As a result, the saving rate increased for 26 respondents (50%) decreased for 14 respondents (26.9) and remained the same for 12 respondents (23.1).

Table 3. Comparison of the share of consumption out of monthly income before and during lockdown

Percentage of income spent for consumption	Spending on food items before lockdown	Spending on food items during lockdown	Spending on consumer durables	Spending on luxuries
Below 10	6 (11.3)	13 (25)	38 (73.1)	46 (88.5)
10-15	5 (9.4)	4 (7.7)	7 (13.5)	4 (7.7)
15-20	12 (22.6)	12 (23.1)	2 (3.8)	1 (1.9)
20-30	16 (30.2)	9 (17.3)	4 (7.7)	1 (1.9)
30-40	6 (11.3)	5 (9.6)	2 (3.8)	0
40-50	5 (9.4)	3 (5.8)	0	0
50-60	0	3 (5.8)	0	1 (1.9)
60-70	1 (1.9)	1 (1.9)	0	0
70-80	1 (1.9)	1 (1.9)	0	0
80-90	1 (1.9)	2 (3.8)	0	0
90-100	0	0	0	0

Source: Primary data

Note: The number of respondents and their corresponding percentages are represented in parenthesis.

A close examination of Table.3 shows that spending on luxuries has declined drastically and there is a remarkable decrease in the spending on food. A decline in the spending on food can be attributed to the free food kit distribution every month by the Government of Kerala through Public Distribution System (PDS) ration shops.

Retailing during COVID 19 lockdown

In the retail scenario, during lockdown consumers have inclined more to the government shops like ration shops, Supplyco etc. along with traditional retail shops. 68.6% of the respondents have reported that cashless transactions have increased during the lockdown. Interestingly, 80.8% of the respondents have reported that lockdown payment methods (cashless/digital payment) would continue in the post-lockdown scenario also. Proximity, non-crowded market, and pandemic safety measures determined the shopping by consumers during the lockdown. It is further stated by 85.7 % of respondents that these above factors would continue to be taken care of in the post-lockdown scenario also.

Main findings, suggestions and concluding remarks

The following findings have been made from the above study.

- Even though the income of the people has declined drastically, the saving rate has increased. This is because so much unnecessary spending has come down and food kit support from the Government.
- Some of the respondent’s incomes have fallen by one hundred per cent. Still, they survive on the support provided by the government.
- People have postponed their luxury consumption for the time being.
- Digital payment methods have been increased during the lockdown and it is expected to continue even after the lockdown.

Suggestions

Even though the lockdown has delayed the spread of the COVID-19 virus, it has not wiped out the virus. There are many positives and negatives to the lockdown. The researcher is writing this on the subsiding of wave two of the pandemic in Kerala. There were state-wise lockdowns in various parts of India during the second wave as well. The following suggestions are made in this regard based on the study.

- Government may continue to assist the marginalised and low-income sections of the society including direct transfer of cash to make them push to the mainstream of the society.
- The lockdown in future may be administered locally only until the medical set-up is ready to accommodate the situation.
- Economic effect and the medical cost of treating COVID-19 patients are to be analysed in future while imposing lockdown. This is because the daily wage earners are severely affected by the lockdowns.
- Over emphasis on COVID-19 is resulting in the neglect of other more deadly diseases like malaria, typhoid, dengue, cancer, lifestyle diseases etc. and causing more deaths.
- The practice of closing and restricting the timings of retail shops of all kinds should be rethought. The timings and opening days can be lengthened so that the consumers do not get panicked and rushed to form gatherings which will enhance the spread of the virus.

- All the available vaccines approved by the WHO may be made available to the people.
- Public transportation may never be cancelled because it will make the low-income people in more trouble to meet their basic needs including medical requirements.

The COVID-19 pandemic has been in Kerala for more than two years. She has fought the pandemic admirably. However, there is a long way to go. We have seen many waves and expect even more waves in the future. Kerala is an immensely populated state with a high population density. The low-income people are more stressed by the impact of the pandemic and they are the section with a high marginal propensity to consume that is running the economy. So, keeping this in mind we have to take the necessary steps to come out of the pandemic as early as possible.

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