

IMPACT OF COVID-19 ON SHOPPING BEHAVIOUR OF MIDDLE CLASS CONSUMERS

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Abstract

COVID-19 has proven to be a truly global pandemic, impacting people in just about every corner of the world. It has changed nearly every aspect of daily lives, and consumer spending is no exception. The economic consequences of the coronavirus pandemic have meant consumers are less inclined to spend more, with many expecting their household income to continue to fall. This study aimed to know the impact of covid-19 on shopping behavior of middle class consumers in Erode District. Beyond impacting some of the factors that determine consumer spend—such as consumer confidence, unemployment levels, or the cost of living—the COVID-19 pandemic has also drastically altered how and where consumers choose to spend their hard-earned cash. The shocks on income will be particularly hard on those working in the informal sector, usually self-employed or working for small informal firms, who account for a majority of those employed in low- and middle-income families.

Key words: Covid-19, Pandemic, Consumer, Income, Unemployment.

Introduction

The ongoing health crisis around COVID19 has affected all walks of life. Protecting lives of people suffering from the disease as well as frontline health responders have been the priority of nations. Governments have swung into actions since the Corona virus attack created an unprecedented situation. Consumers have different roles in purchasing products and services. Here, a role is defined as the expected behavior of an individual in a society. These roles can be as part of the consumer's family, employment, or social status, among other things. Although there are many different roles that can influence how a consumer behaves, three in particular are presented here: influencers, prosumers, and personas. COVID-19 influence on one's purchasing habits and consumer behavior. It is considered an

external influence on consumer behavior because it is not a function of feelings or knowledge. COVID-19 can have a profound effect on consumer spending habits. Perhaps the most obvious effect is the level of disposable income of each consumer. Generally, the rich have the ability to purchase more consumer goods than those with less income during covid-19 period, and those goods are of higher quality. There is also a distinction in the type of goods purchased. If the COVID-19 pandemic lashes India with severity, it will not be just the middle class who will be affected. India's impoverished millions are likely to overwhelmingly bear the brunt of the suffering which will ensue. The privileged Indian has been comfortable for too long with some of the most unconscionable inequalities in the planet. But with the pandemic, each of these fractures can decimate the survival probabilities and fragile livelihoods of the poor. This study aimed to know the impact of covid-19 on shopping behavior of middle class consumers in Erode District.

Literature Review

Bavel et.al. (2020) stated that the COVID-19 pandemic represents a massive global health crisis. Because the crisis requires large-scale behaviour change and places significant psychological burdens on individuals, insights from the social and behavioural sciences can be used to help align human behaviour with the recommendations of epidemiologists and public health experts. Here we discuss evidence from a selection of research topics relevant to pandemics, including work on navigating threats, social and cultural influences on behaviour, science communication, moral decision-making, leadership, and stress and coping. This study noted the nature and quality of prior research, including uncertainty and unsettled issues and identified several insights for effective response to the COVID-19 pandemic. This study argued that three main factors stand in the way of prevention: (i) people do not appreciate the risks they run, (ii) it goes against human nature for people to shut themselves up in rigid isolation as a means of protecting others, and (iii) people often unconsciously act as a continuing danger to themselves and others. Our paper provides some insights from the past century of work on related issues in the social and behavioural sciences that may help public health officials mitigate the impact of the current pandemic. Lunn et al. (2020) summarised useful evidence from behavioural science for fighting the COVID-19 outbreak. It is based on an extensive literature search of relevant behavioural interventions and studies of crises. The findings aim to be useful not only to government and public authorities, but to organisations, workplaces and households. Seven issues were covered: (1) Evidence on

handwashing shows that education and information are not enough. Placing hand sanitisers and colourful signage in central locations (e.g. directly beyond doors, canteen entrances, the middle of entrance halls and lift lobbies) increases use substantially. All organisations and public buildings could adopt this cheap and effective practice. (2) By contrast, we lack direct evidence on reducing face touching. Articulating new norms of acceptable behaviour (as for sneezing and coughing) and keeping tissues within arm's reach could help. (3) Isolation is likely to cause some distress and mental health problems, requiring additional services. Preparedness, through activating social networks, making concrete isolation plans, and becoming familiar with the process, helps. These supports are important, as some people may try to avoid necessary isolation. (4) Public-spirited behaviour is most likely when there is clear and frequent communication, strong group identity, and social disapproval for those who don't comply. This has implications for language, leadership and day-to-day social interaction. (5) Authorities often overestimate the risk of panic, but undesirable behaviours to watch out for are panic buying of key supplies and xenophobic responses. Communicating the social unacceptability of both could be part of a collective strategy. (6) Evidence links crisis communication to behaviour change. As well as speed, honesty and credibility, effective communication involves empathy and promoting useful individual actions and decisions. Using multiple platforms and tailoring message to subgroups are beneficial too. (7) Risk perceptions are easily biased. Highlighting single cases or using emotive language will increase bias. Risk is probably best communicated through numbers, with ranges to describe uncertainty, emphasising that numbers in the middle are more likely. Stating a maximum, e.g. "up to X thousand", will bias public perception. A final section discussed possibilities for combining these insights, the need for simplicity, the role of the media, and possibilities for rapid pretesting.

Methodology

The present study used both primary as well as secondary data. The primary data was collected from the consumers living in Erode district. Online survey technique was employed to collect the pertinent data from the 100 selected sample respondents in Erode district. The respondents were selected by using convenient sampling method from the selected district. Questionnaire was the main tool for collecting the data. The secondary data was also collected for the study. The data thus collected from the primary sources were arranged in the

simple tabular statements. Structural equation modeling was applied to know the impact of covid-19 on shopping behaviour of middle class consumers.

Results and Discussions

Structural equation modeling is a multivariate statistical analysis technique that is used to analyze structural relationships of the variables. This procedure is the combination of multiple regression analysis and factor analysis, and it is applied to examine the structural association between measured variables and latent constructs. This procedure is preferred by the researcher because it estimates the multiple and interrelated dependence in a single analysis. In this analysis, two types of variables are used exogenous variables and endogenous variables. Endogenous variables are corresponding to dependent variables and are equal to the independent variable. The regression coefficient of 0.70 or higher value denotes a very strong relationship, the coefficient value of 0.50 to 0.69 denotes a substantial relationship. Similarly, the coefficient value of 0.30 to 0.49 denotes a moderate relationship and the coefficient value of 0.10 to 0.29 denotes a low relationship. On the other hand, the coefficient value of 0.01 to 0.09 denotes a negligible relationship and the value of 0 indicate no relationship. The researcher made an effort to find out the impact of covid-19 on shopping behavior of middle class consumers in Erode District. For this intention, the variables are segmented into ten manifest variables and are presented in the following.

TABLE 4.1

**IMPACT OF COVID-19 ON SHOPPING BEHAVIOUR OF MIDDLE CLASS
CONSUMERS (MANIFEST VARIABLES AND LATENT VARIABLES)**

MANIFEST VARIABLES	LATENT VARIABLES
Avoiding non-essential categories	Covid-19
Migrate online for grocery shopping	
Buy locally sourced product	
Avoiding bulk purchase	
Lack of purchasing power	
Shopping more cost consciously	

Avoiding frequent purchase	
Postpone of purchases	
Lack of credit purchase	
Lack of availability of essential categories	

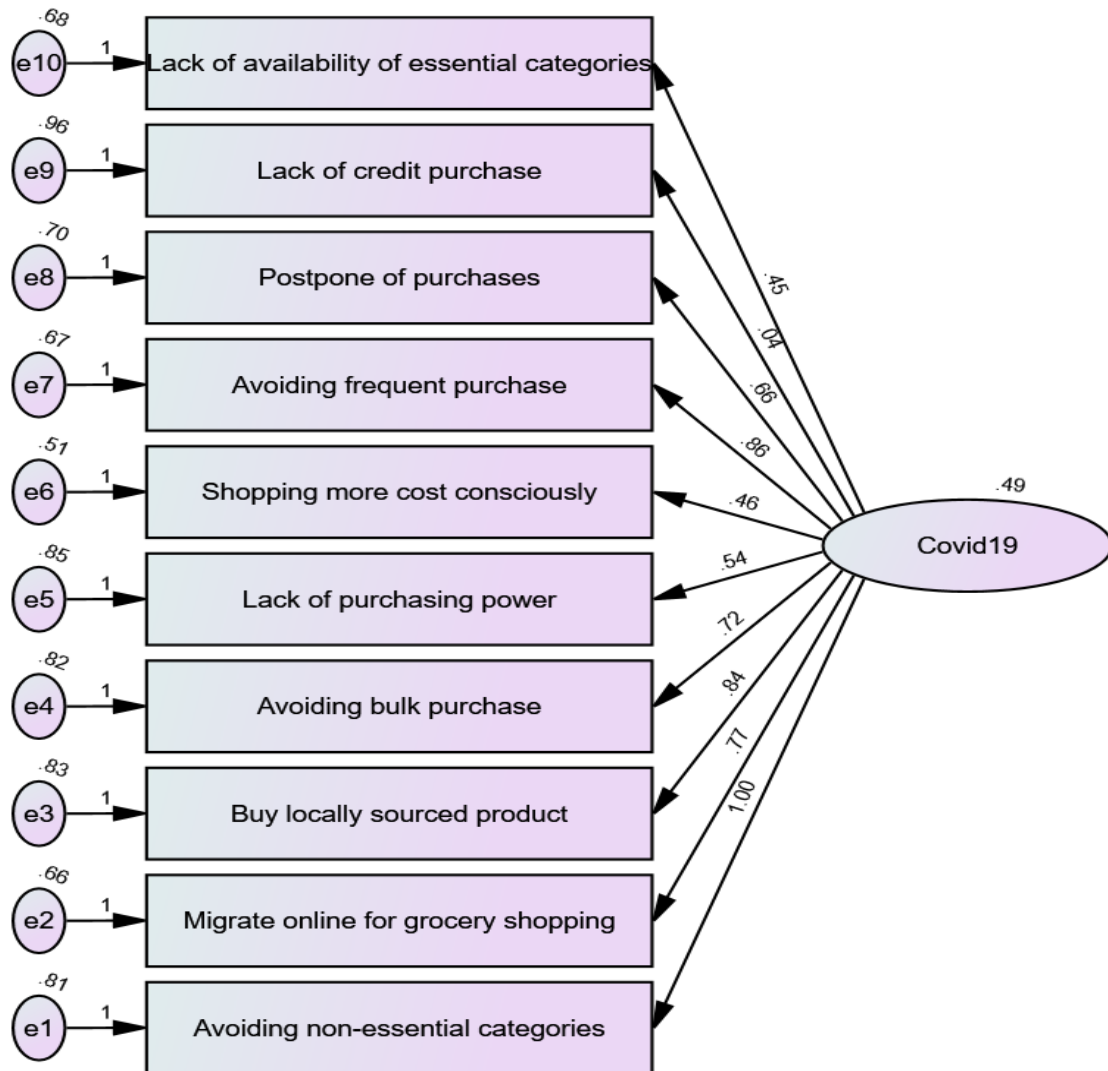
Hypotheses of the research have been defined on the basis of the factors regarding impact of covid-19 on shopping behavior of middle class consumers in Erode District.

H_0 : There is no significant relationship between manifest variables and the covid 19 (latent variable).

H_1 : There is a significant relationship between manifest variables and the covid 19 (latent variable).

FIGURE 1

IMPACT OF COVID-19 ON SHOPPING BEHAVIOUR OF MIDDLE CLASS CONSUMERS (PATH DIAGRAM)



(Note: Chi-square = 47.048, Degrees of freedom = 35 and Probability level = .084)

A regression coefficient of 1.00 for avoiding non-essential categories indicates a close relationship with the impact of covid-19 on shopping behavior of middle class consumers. Regression coefficients of 0.77 for migrate online for grocery shopping and 0.84 for locally sourced product indicates a very strong relationship with the relationship with the impact of covid-19 on shopping behavior of middle class consumers. A regression coefficient of 0.72 for avoiding bulk purchase indicates a very strong relationship with the impact of covid-19 on shopping behavior of middle class consumers. A regression coefficient of 0.45 and 0.46 for lack of availability of essential categories and shopping more cost consciously indicates a moderate relationship with the impact of covid-19 on shopping behavior of middle class consumers. A regression coefficient of 0.54 and 0.66 for lack of purchasing power and postpone of purchase indicates a substantial relationship with the impact of covid-19 on

shopping behavior of middle class consumers. A regression coefficient of 0.86 for avoiding frequent purchase indicates a very strong relationship with the impact of covid-19 on shopping behavior of middle class consumers. At the outset, a regression coefficient of 0.04 for lack of credit purchase indicates a negligible relationship with the impact of covid-19 on shopping behavior of middle class consumers. The overall regression coefficient value is 0.49 indicates moderate relationship with the impact of covid-19 on shopping behavior of middle class consumers.

The analysis indicates that the nine factors namely avoiding non-essential categories, migrate online for grocery shopping, buy locally sourced product, avoiding bulk purchase, lack of purchasing power, shopping more cost consciously, avoiding frequent purchase, postpone of purchases, lack of credit purchase and lack of availability of essential categories put together and having the impact of covid-19 on shopping behavior of middle class consumers. The researcher applied model fit indices to choose whether to accept this model or to fine tune the model further. The result of model fit test is given in the underneath table.

It is indicated from the following table that the model fit indices of impact of covid-19 on shopping behavior of middle class consumers in study area. The score of Goodness of fit index (GFI) is 0.914, the score of adjusted goodness of fit index (AGFI) is 0.865, the score of comparative fit index (CFI) is 0.902, the score of normed fit index (NFI) is 0.720 and the score of Tucker Lewis index (TLI) is 0.874. The score of root mean Squared Error of Approximation (RMSEA) is 0.059 and which indicates that the model is a close fit with a reasonable error of approximation.

TABLE 4.2
IMPACT OF COVID-19 ON SHOPPING BEHAVIOUR OF MIDDLE CLASS
CONSUMERS - MODEL FIT INDICES

No.	TEST FACTOR	CALCULATED VALUE	ACCEPTABLE VALUE
1	Goodness-of-fit-index (GFI)	0.914	≥ 0.90 and above satisfactory fit 0.80 to < 0.9 acceptable fit (Hair et al.2006)
2	Adjusted goodness-of-fit-index (AGFI)	0.865	
3	Comparative fit index (CFI)	0.902	
4	Normed fit index (NFI)	0.720	

5	Tucker-Lewis index (TLI)	0.874	
6	Root mean square error of approximation (RMSEA)	0.059	0.06 or less would indicate a close fit of the model

From the analysis, it is inferred that nine variables selected for the analysis are well fit and it proves that all these variables clearly indicates their relationship with impact of covid-19 on shopping behavior of middle class consumers.

TABLE 4.3

IMPACT OF COVID-19 ON SHOPPING BEHAVIOUR OF MIDDLE CLASS CONSUMERS (REGRESSION WEIGHTS)

Measured Variable		Latent Variable	Estimate	S.E.	C.R.	P
Avoiding non-essential categories	<---	Impact of covid-19	1.000			
Migrate online for grocery shopping	<---	Impact of covid-19	.773	.186	4.167	***
Buy locally sourced product	<---	Impact of covid-19	.838	.205	4.097	***
Avoiding bulk purchase	<---	Impact of covid-19	.722	.191	3.788	***
Lack of purchasing power	<---	Impact of covid-19	.537	.175	3.062	.002
Shopping more cost consciously	<---	Impact of covid-19	.455	.139	3.279	.001
Avoiding frequent purchase	<---	Impact of covid-19	.863	.198	4.371	***
Postpone of purchases	<---	Impact of covid-19	.663	.176	3.771	***
Lack of credit purchase	<---	Impact of covid-19	.040	.161	.250	.803
Lack of availability of essential categories	<---	Impact of covid-19	.452	.155	2.920	.003

It is interested from the above table that estimates of the coefficient of avoiding frequent purchase is high and this variable had huge impact on covid-19 and it indicates that.

Further, the analysis indicated that The analysis indicates that the nine factors namely avoiding non-essential categories, migrate online for grocery shopping, buy locally sourced product, avoiding bulk purchase, lack of purchasing power, shopping more cost consciously, avoiding frequent purchase, postpone of purchases, lack of credit purchase and lack of availability of essential categories put together and having the impact of covid-19 on shopping behavior of middle class consumers. It is also understood from the above table that the variable 'lack of credit purchase' is not significant at 5% level.

Recommendations and conclusion

Middle class is the stratum that builds our economy and resiliently works towards having a safe and secure future. It has always been considered as the backbone of any economy, and has a crucial social and political impact. They aspire for a better livelihood and can prove a dynamic force of change. While saving may be difficult, one can cut down on discretionary expenses and services. Due to covid-19 lockdown, the limited economic activity has caused everyone to wonder how the pandemic is going to impact their finances. The immediate requirement for the middle-class families in the short term is to draw up a budget where on one side; they need to take into account all their income streams. It could be salaries, business income or consultancy income, rent from flat, government pension, interest from fixed deposits or government bonds, and dividends from companies. Lockdown has also pushed many of us upper-middle-class desis to other 'First World' practices and shopping behaviours. Middle class or lower middle class people have only their savings as their support system right now which is continuously perishing. In the future when situation normalises they will first refill their savings and then they are going are going to fulfill their wants. Earlier, buying soaps or carrying sanitizers were considered "wasteful" and "not important". Coronavirus has changed this mindset. In the coming days, masks, sanitisers are going to be travel buddies of people. People have already hoarded a lot of these essentials during the lockdown and will continue to do so. Thus, it's not only financial constraints or vanishing of savings that will impact the way people consume but fear related factors will also influence consumer behaviour.

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