

Spending Pattern of Indian Consumers During Covid-19 With Reference to Chennai City

Anli Suresh, N. Jannifer Rani

Madras Christian College, University of Madras, Chennai, India

anli.sgain@gmail.com, janujenkeines.jj@gamil.com

ABSTRACT

The Covid-19 pandemic has shifted the entire economy into a downfall where there are large number of people are unemployed. The unemployment had led the consumers to poverty mainly the daily wages consumers. The spending pattern of the normal people has also got reduced. A nation-wide shutdown meant a shock to the city's economic system, leading to large scale unemployment. With daily wage laborers likely to be the hardest hit, the state and local government will need to start there when it comes to getting the city back on track. The study aims at finding the areas in which the consumer's spending has got reduced. Their major level of concerns during the Covid-19 has been identified. The researcher has used factor analysis and discriminant analysis in the study. The study highlighted the food and beverages, health and hygiene, medicines which has a high spending among the consumers during the Covid-19. The concluding observations are people tend buy their necessary products in a convenient manner with some hesitations.

Key words: *Augmented, Buying Behavior, Covid-19, Groceries, Medicines, Unemployment*

Introduction

Consumer spending is that what households buy to fulfill their daily needs. This may be in the form of goods and services. Each and every one is a customer. The things which we use daily create the demand for the product. There has been a severe fall in the economy and the finance of the country because of the fatal virus. Because of the huge spread of the disease, people are asked to stay in their homes which in turn lead to no production, no work, loss of their standard of living, fall in income. COVID-19 has changed nearly every aspect of our daily lives, and consumer spending is no exception. Generally, spending is down across all industries, as lockdown measures have restricted what we can spend money on, due to restaurants and shops being shut and air travel suspended. The economic repercussions of the COVID-19 crisis are still unfolding. Consumers are understandably concerned about their financial futures. In addition to the current economic

impact, consumers are worried about a second wave of the virus and the extent to which that could further impact the economy. Facing increased economic pressure, a greater number of consumers on tight budgets will likely find their decision-making and purchasing behavior impacted going forward. Shutting down of the entire economy because of the spread of the disease has a greater impact towards the economy fall. People have started to stock their groceries in case severe lockdowns. However the future is uncertain people are very much concerned about their lives and about their jobs. However there is no personal income for the people, they intend to buy their daily needs like health and hygiene products, food and drinks, household cleaning products and utilities, accommodation charges, childcare products etc. The urban consumption, which accounts for 43% of total consumption, and is more lucrative because of higher income salaried households, but very geographically scattered. The major impact will be on job security a big issue, especially since urban salaried occupations unlike rural tend to be of all kinds, and less formal. Twenty percent of urban expenditure accounted for by the high-income salaried group is totally safe. This segment has surplus income, is also the darling of banks, and is not only earning during the lockdown, but has also been abstaining from consumption this last month no beauty parlor visits, no eating out, no conveyance expenditure, no shopping sprees, a condition that is likely to last for quite some time. They can and will spend if suppliers who can address them make an effort at persuasion. For the rest of the salaried class job losses and restructuring and only 8-9% of the 23% of consumption they account for to remain in the future. (Rama Bijapurkar and Dr.Rajesh Shukla, 20th April 2020, “only half of India’s household consumption will come through post COVID-19” Extracted from Live mint) The researcher has further identified the basic characteristics variables which affects the consumers towards their spending during the COVID -19 periods.

Literature Review

Ankika Biswas (2020) “Here's What Indians Have Been Spending Their Cash on During the Pandemic” stated that Months of lockdown have altered the habits of Indian consumers: Their spending patterns reveal just how deeply concerned they are with protecting their health. Immunity boosters, comfort foods, digital services, gold loans and appliances are the areas in which people tend to have their look on during the pandemic situation. **Dillip Ambharkane (2020)** “How Did India Spend during the Lockdown: An ETMONEY Analysis” Even though some economic activities have resumed, some people are still at the risk of losing their jobs or expecting a salary

cut. Such anticipations are encouraging people to be more vigilant about their spending habits. People are only spending on essential items. The three main categories are on groceries health and hygiene and medicines. **FP Staff (2020)**“COVID-19 impact: Indian consumers exercise greater decision-making in buying, spending after pandemic outbreak-Deloitte” the survey highlights the current state of India consumer who is anxious about health and safety at one end and is also trying to stitch up a plan of the new normal. The consumption patterns reflect the consumer is carefully evaluating need versus wants of products and services in the current lockdown state. **PTI (2020)** “Indian consumers cautious about spending amid COVID-19 crisis” has highlighted that consumers in India are cautious about spending in the wake of the corona virus pandemic with 78 per cent of respondents claiming to reduce discretionary spending. Consumers in tier-II and tier-III cities were almost two-time more optimistic on their spending habits than those in tier-I, hence it could be the next focus area to monitor spending habits. **Sunil K Alagh (2020)** “We will have to see how ‘wait and watch’ changes to the ‘spend and support’ the growth curve” stated that since the lockdown, the priorities of consumers have seen a drastic shift. The economy has been affected by a reduction in the purchasing power of many. Hence, the availability of money to buy products needs to be addressed. The government must look at ways like a reduction in taxes which will help the common man. The current scenario has also made all of us go back to the basics, with food, shelter and safety being of prime importance.

Research Gap

As per the studies pertaining to the COVID -19, there are very few studies which have concentrated only on the economic fall because of the pandemic and also some surveys by various economists and finance organizations. There is no research related to the factors which has major impact on the consumers spending and also on the sectors which have got affected during the pandemic. The researcher has highlighted the research topic towards the consumers spending pattern during the COVID-19. The researcher has also concentrated on the areas of concerns during the pandemic among the consumers.

Objectives of the Study

To study the various areas in which the Indian consumers have been drastically changing during pandemic and also to identify the consumers concerns towards various issues during the COVID-19 pandemic.

Research Design

The methodology adopted is descriptive based on the statistics from the primary data questionnaire from the sample size which consist of 100 respondents through simple random sampling. This type of sample method is considered as the economical method for collecting data from a large geographical area. Secondary data was collected from various sources like journals, reviews, and websites. After the data had been collected, it was processed & tabulated directly in to SPSS 20 Software. SPSS version 20 statistical software was used and the results obtained thereby have been analyzed using reliability analysis, factor analysis and discriminant analysis and interpreted. The questionnaire consists of five-point Likert scales in the research study. The period of the research study was April to July 2020.

Data Analysis and Interpretation

Reliability Analysis

Table 1- Reliability Analysis	
Reliability Coefficients	
N of Cases = 100.0	N of Items=23
Alpha =.822	
Source: Primary Data	

Interpretation: Table 1 shows the data reliability which is studied using the Cronbach's alpha and the alpha score is 82.2% i.e. is approximated to 82% which is at an acceptable level.

Demographic Profile

Table 2- Demographic profile					
Elements	S.No	Frequency	Percent	Valid Percent	Cumulative Percent
Age	21-30 years	12	12.0	12.0	12.0
	31-40 years	38	38.0	38.0	50.0
	41-50 years	14	14.0	14.0	64.0
	Above 50 years	36	36.0	36.0	100.0
	Total	100	100.0	100.0	
Gender	Male	39	39.0	39.0	39.0
	Female	61	61.0	61.0	100.0
	Total	100	100.0	100.0	
Educational Qualification	Under Graduate	8	8.0	8.0	8.0
	Post Graduate	16	16.0	16.0	24.0
	Diploma	18	18.0	18.0	42.0
	HSC	12	12.0	12.0	54.0
	SSLC	14	14.0	14.0	68.0
	Illiterate	32	32.0	32.0	100.0
	Total	100	100.0	100.0	
Type of work	Weekly Wages	23	23.0	23.0	23.0
	Daily Wages	47	47.0	47.0	70.0
	Private Sector	16	16.0	16.0	86.0
	Public Sector	14	14.0	14.0	100.0
	Total	100	100.0	100.0	
Family Income Per Month	Below Rs.15000	38	38.0	38.0	38.0
	Rs.15000-Rs.30000	28	28.0	28.0	66.0
	Rs.30000-Rs.45000	27	27.0	27.0	93.0
	Above Rs.45000	7	7.0	7.0	100.0
	Total	100	100.0	100.0	
Source: Primary Data					

Interpretation: Table 2 shows that out of 100 respondents 12% of the respondent's falls under the age group of 21-30 years, 38% of the respondents are from the age group of 31-40 years, 14% come under the age group of 41-50 years and the remaining respondents are from the age group of above 50 years. There were 61% of the female respondents and 39% male respondents taken for the study. Out of 100 respondents, 8% of the respondents were UG, 16% of the respondents were Post-graduate, 18% of the respondents were Diploma holders, and 12% of the respondents were from HSC and 14% were from SSLC and the remaining 32% were illiterate. Out of 100 respondents, 23% of the respondents were from weekly wages, 47% of the respondents belong to daily wages 16% belong to private sector and the remaining belong to public sector. Out of 100 respondents, 38% of the respondents have monthly income of below Rs.15000, 28% of the respondents have Rs.16000-Rs.30000, 28% of the respondents have Rs.31000-Rs.45000 and 7% of the respondents have a monthly income of above Rs.45000.

Factor Analysis

Table 3-KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.731
Bartlett's Test of Sphericity	Approx. Chi-Square	305.334
	Df	28
	Sig.	.000
Significant level at 0.01 levels.		
Source: Primary data		

Interpretation: Table 3 shows the Kaiser-Meyer-Olkin Measure of Sampling Adequacy is a statistic that indicates the proportion of variance in variables that might be caused by underlying factors. A KMO score of 0.731 is an acceptable score and factors with the score of 0.7 and above were selected for the study.

Table4-Communalities		
	Initial	Extraction
Food and beverages	1.000	.919
Health and hygiene	1.000	.736
Travel	1.000	.872
Apparels and foot wears	1.000	.852
Jewellery and accessories	1.000	.993
Groceries and snacks	1.000	.942
Food take outs and delivery	1.000	.848
Childcare products	1.000	.883
Household supplies	1.000	.962
Personal care products	1.000	.843
Furnishing and appliances	1.000	.908
Medicines	1.000	.837
Fitness and wellness	1.000	.991
Books, newspapers and magazines	1.000	.928
Extraction Method: Principal Component Analysis.		
Source: Primary Data		

Table 5-Rotated component matrix				
Factors	Elements	1	2	3
Augmented	Fitness and wellness	.948		
	Books, newspapers and magazines	.942		
	Travel	.871		
	Furnishing and appliances	.816		
	Apparels and footwear	.799		
	Jewellery and accessories	.782		
Necessary	Food take outs and delivery		.763	
	Childcare products		.757	
	Household supplies		.722	
	Personal care products		.721	
Basic	Groceries and snacks			.720
	Food and beverages			.718
	Health and hygiene			.709
	Medicines			.645
Rotation method: Kaiser with normalisation				
Rotation converged in 7 iterations				
Source: Primary data analysis				

Interpretation:

- Table 5 gives the Component 1 which is labeled as **Augmented** comprises of factors like fitness and wellness, Book newspapers and magazines, travel, furnishing and appliances, apparel and foot wears Jewelry and accessories where fitness and wellness has the highest score of 0.948.
- Component 2 which is labeled as **Necessary** comprises of Food take outs and delivery, Childcare products, household supplies, personal care products where payment Food take outs and delivery has the highest score of 0.763.
- Component 3 which is labeled as **Access** comprises of Groceries, Food, Health and hygiene, medicines where Groceries has the highest score of 0.720.

Discriminant analysis**Table 6- F tests of Equality of Group Means**

Concerns during COVID-19	Wilks' Lambda	F value	P value
Impact on economy	0.893	11.760	0.001
Cancel upcoming event plans and tour plans	0.698	20.943	0.000
Unable to purchase basic needs	0.635	27.887	0.000
Being confined to home	0.357	87.333	0.356
Impact on job security	0.381	78.813	0.000
Unable to purchase other goods and services	0.833	9.700	0.425
Source: Primary Data			

Interpretation: Table 6 displays the results of f tests of equality of group means for the independent variable using the grouping variable as the factor. According to the results in the table, out of 6 variables, only 4 variables in discriminant model is significant, since P value is less than 0.01. Wilks' lambda is another measure of a variable's potential. Smaller values indicate the variable is better at discriminating between groups. The table suggests that the concerns during COVID 19 have a huge impact on the people. The stepwise method is used starts with a model that doesn't include any of the predictors. Out of 6 variables, only 4 variables are entered in this discriminant analysis and are presented in the following table 7.

Table 7- Variables in the Discriminant Analysis using stepwise method			
Factors	Tolerance	F value to remove	Wilks' Lambda
Impact on economy	1.000	11.760	0.893
Cancel upcoming event plans and tour plans	1.000	20.943	0.698
Unable to purchase basic needs	1.000	27.887	0.635
Impact on job security	1.000	78.813	0.381
Source: Primary Data			

Interpretation: Table 7 displays statistics for the variables that are in the analysis at last step. Tolerance is the proportion of a variable's variance not accounted for by other independent variables in the equation. A variable with very low tolerance contributes little information to a model and can cause computational problems. F to remove values is useful for describing what happens if a variable is removed from the current model given that the other variables remain.

Table 8-Canonical Discriminant function Unstandardized coefficients	
Factors	Functional Co-efficient
Impact on economy (X ₁)	-0.120
Cancel upcoming event plans and tour plans(X ₂)	0.432
Unable to purchase basic needs(X ₃)	-0.575
Impact on job security (X ₄)	1.625
Constant	1.465
Source: Primary Data	

Based on the Canonical Discriminant Function coefficient, the linear discriminant equation can be written as $Y = 1.465 - 0.120X_1 + 0.432X_2 - 0.575X_3 + 1.625X_4$.

Findings from the Study

Demographic profile: The majority respondents for the study were female from the age group of 31-40 who are illiterate and working with daily wages and having below Rs.15000 as their monthly takings.

Factor Analysis: Three Components were identified during the factor loadings. The first component is named as Augmented in which fitness and wellness have a higher score of 0.948, and the second component is named as necessary in which food take outs and delivery have a highest score of 0.763 and the third component is named as basic in which groceries and snacks have a highest score of 0.720.

Discriminant Analysis: Out of six variables only four variables were studied after the f tests of equality of group means. The four variables are impact on economy, Cancel upcoming events and plans, unable to purchase basic needs, Impact on job security which have a high concerns towards the Covid-19.

Concluding Observations and Suggestions

The study looks into the various areas where the consumers have a major downfall during the Covid-19. The areas includes groceries and snacks, health and hygiene, medicines, food and beverages, personal care products, household supplies, childcare products, food take outs and delivery, jewelry and accessories, apparels and foot wears, furnishing and Appliances, Travel, Books, newspapers and magazines. The concerns among the consumers during the Covid-19 like Impact on economy, cancel upcoming event plans and tour plans, unable to purchase basic needs, being confined to home impact on job security, unable to purchase other goods and services. The main suggestion that the government can adopt is that extreme precautionary measures can be taken in order to increase the welfare of the people and also to look after the unemployment problem towards the people.

Scope for Further Research

The study reveals the spending pattern of Indian consumers during the Covid-19. The study also aims to find out the concerns during the Covid-19 over many issues. The future researchers

can identify the sectors which were affected and also the Indian economy downfall during Covid-19.

References

1. Anika Biswas “Here's What Indians Have Been Spending Their Cash on During the Pandemic” on 7th august 2020 extracted from the Bloomberg.
2. Dillip Ambharkane “How Did India Spend during the Lockdown: An ETMONEY Analysis” on 5th august 2020 extracted from ET money blog.
3. FP Staff “COVID-19 impact: Indian consumers exercise greater decision-making in buying, spending after pandemic outbreak-Deloitte” on 27th may 2020 extracted from first post.
4. PTI “Indian consumers are cautious about spending amid COVID-19 crisis” on 23rd July 2020 extracted from the Indian Express.
5. Sunil k Alagh “We will have to see how ‘wait and watch’ changes to the ‘spend and support’ the growth curve” on 10th august 2020 extracted from Indian express.