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**THE STUDY OF IMPACT OF COVID-19 ON FACTORS AFFECTING  
THE CONSUMER PURCHASE BEHAVIOR OF FMCG PRODUCTS**

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**ABSTRACT:**

Customer preference is becoming vital factor for customers buying decision making in FMCG. In the massive market of FMCG, customers are building their own preference for the final decision making, being affected by various factors. In the dynamic market of low involvement product, the widespread goal is to increase market share, gain customers and sustain in the market which can be achieved by strengthening the company position in the market. This research article concentrates on factors influencing customer preference. The present study examines several factors influencing customer preference .

**1. INTRODUCTION:**

The FMCG companies that market necessity-driven goods, such as foodstuffs, processed food and distilled water, are influenced by failures in the supply chain, distribution and inventories. The pandemic of COVID-19 contributed to a minor change in the definition of what we find essential, with items for grooming in this area whereas businesses like garments have shifted to choose. Most commonly, disposable goods have taken a backseat. Flight, financial care, luxuries, clothes and clothing, household goods, alcoholic drinks and cigarettes were seriously impacted, because several businesses ceased or slowed back during the lockout. However, several businesses have turned their facilities into goods that help the government and the population in battling the pandemic, for example gloves, hand sanitizers, ventilators, etc. The effect of COVID-19 on India's leading sectors and services has been outlined by our ground-breaking team of analysts in India who monitor these sectors.

Despite the lockdown, grocery distributors, which compensate for about 60% of retail transactions in supermarkets, were permitted to continue to work by the State while selling critical and public safety goods. Although grocery retailers experienced an initial increase in demand because of panic purchases or panic buying, they have had trouble replenishing stocks due to supply chain disruptions which lead to shortages of goods of a certain commodity which consisted of daily use products for hygiene and food.

E-commerce firms with a focus on food purchases have reported an immediate rise in revenue when citizens were limited to their houses, but many also had to suspend operations because of logistics issues. E-commerce is anticipated to profit in the long term, with more customers forming their e-commerce preferences. Non-grocery specialists, particularly shutdown specialists in clothing and footwear, would have a greater effect on income.

The normalization of retail operations could take some more months after the lockdown, whilst a phase of precautionary steps may contribute to a change in customer channel preferences.

Notwithstanding, the rural India story is one that can't be disregarded. Of late, the FMCG segment in rustic India has developed at a quicker pace than its urban partner with FMCG items representing about portion of complete country spending. Semi-urban and country portions contribute over 40% of the general incomes of the FMCG division in India and with about 12% of the total population living in the towns of India, the Indian provincial FMCG market is set to be a main thrust for the business on the loose. To develop their provincial reach, FMCG organizations are pondering the presentation of littler bundles for products that will probably coordinate the lower livelihoods of individuals in country India. This is a perfect representation of how organizations keep concocting more current methodologies to guarantee development.

### **New food packaged: inventories and demand fluctuations are a privilege**

Packaged goods saw the revenue increase as customers proceeded to hoard on 26 March 2020. Categories such as fruit cereals, beans, instant fresh noodles, pasta, edible oils, cooking fats and food products have been among the biggest profits. Consumers have switched from splurging of non-essential products and services to sustainability and length. They also reflect much more on their consumption than before. In a few months, the survivalist mentality will give way to growth. However, in the next three or five years even after the rebound, consumption per capita will probably show mute growth as people learn to live within their means and start valuing a less wasteful lifestyle.

Travel, trade and entertainment sectors, which have been redefined in terms of industry size by five to ten years, will restart from a new basis. The entertainment industry has set new benchmarks in the arena with OTT releases of films. The industry sees huge capability in OTT platforms as many are binge watching TV series and movies on these platforms. The 300 crore club movie actors are also willing to release their films over the OTT platform, however there are few like TOP GUN 2 who have postponed their release till November being skeptic of the Box office collection on these platforms. The need for business travel and the use of office spaces will dramatically decrease as businesses become comfortable and productive at a much lower cost. Health and home care goods that rely on health and protection should establish a greater niche for themselves. The trend would become digital solutions which restrict the movement of people, reduce costs and increase efficiency including video conferencing,

telemedicine and ed-tech. After Covid-19, we look at modern customers that are healthy, loving, frugal, aware, responsive yet also efficient.

### **Appearance and personal attention: emphasis on personal grooming and appearance**

Awareness that the COVID-19 spread has retained high standards of hygiene has led to a growing demand for personal care goods, particularly bar soap, liquid handwashing and sanitizers in March. Such groups reflected 22 percent of beauty and personal care revenue in India in 2019.

When market emphasis moves to the purchasing of essentials, there is a short-term reduction in disposable expenditure on makeup and the areas of personal care such as colour cosmetics, aromas, deodorants and skincare.

Known and startup labels, in particular for discretionary expenditure items, have postponed their product releases until the condition is normal. The manufacture of most product lines was halted by multinational companies such as Hindustan Unilever, ITC and Godrej Consume Products and the production of materials, including hygiene products increased in order to ensure no supply restrictions. Such firms also work closely with the Indian Government to slash liquid soap, hand sanitizers and bar soap rates to ensure equal quality and affordability.

### **Home consideration: home cleanliness is the first priority for the consumers**

Consistent attempts to sensitize customers to washing hands and disinfecting surfaces lead to an over-stock of these goods, which contributed to short-term loss of supplies and to a long-term turnaround of the supply chain. Floor cleaners and toilet cleaners were among the few groups that saw greater growth in the storage and regular buying, even from customers, relative to before the COVID-19 era. In the longer run, the COVID-19 pandemic, there seems to be a huge shift in consumer preferences with a surge in demand for care articles and healthcare supplements and some of these changes will last well after the situation improves in the more extended run, the COVID-19 recuperation is probably going to bring about a more perpetual move in shopper's perspectives and shopping conduct, particularly in urban territories, with expanded utilization of home and individual cleanliness items and a quick move to advanced buys. There may be a shift within the paradigm of what we have a tendency to consider to be necessities, care merchandise have entered this class, whereas industries just like the attire have shifted to discretionary. Such terms are expected to start to be additional normally used when COVID-19, driving domestic treatment development in the world's fifth-largest home care sector (2019).”

### **Consumer health: preventative care remedies can gain within the long run**

The COVID-19 epidemic culminated in intense demand for shopper health product, above all cough, cold and allergic reaction treatments (hay fever), as customers expected a possible short offer shortage. The pandemic has contributed to improvements in public habits by relying increasingly on preventive healthcare. Demand for immunity-based treatments, like Ayurvedic medications and goods, has been growing as customers are finding numerous ways to fight the virus.

Established Ayurvedic companies such as Dabur India, Himalaya Wellness and Patanjali Ayurveda have seen a strong demand in items like Chyawanprash, guduchi, Giloy, Septilin, etc.

Certain drugs for enhancing immunity, such as vitamin C, fish oils, cod liver oils, multivitamins and mineral supplements, would undoubtedly see market booms in comparison to Indian herbal medicine, as customer preferences are a holistic emphasis on inner well-being. Multivitamins Stock Outages Comparison Between January and March for India and Selected Countries.

### **Consumer electronics and appliances: heavy reliance on Chinese imports:**

In the face of poor customer perceptions regarding luxury goods, the lockout had a detrimental influence on consumer electronics and household appliances as part of the economic downturn before the COVID-19 outbreak. During the first two months of 2020, the high reliance on Chinese imports already affected the output of consumer electronics, particularly telephones, and triggered the temporary shutdown of manufacturers such as Xiaomi, Samsung, Oppo and Vivo in production facilities.

Regarding home appliances, the reliance on imports regarding components such as compressors and heat exchange coils for luxury goods continues under the Make in India campaign. With factories in China shut down owing to the COVID-19 epidemic, shipment delays have already occurred. Throughout the coming months, manufacturing lines would also break their Indian lockdowns, demand and availability would be smaller than in the same time last year. Retail rates would potentially climb, for most competitors without discount.

Digitizing Kirana shops reminds me of one of the biggest developments in a wide variety of sectors, including FMCG – Digital India. The FMCG sector is influenced by this proposal. The high penetration of the country's mobile, combined with one of the lowest data charges in the nation, managed to get India online. It has changed the consumer's face in the country. The e-commerce market is booming, with the bulk of the population projected to be online. Amazon India has already started collaborating with local Kirana stores for last mile delivery options in order to decrease the delivery time and at the same time increasing efficiency. On the other hand, Kirana stores are increasing the sale of certain local brands that are providing them with goods at cheaper price and selling them at a bit higher than the price they used to sell it because these Kirana stores misinform the customers that only one certain brand of that specific good is available which they buy from the local manufacturers.

Covid-19 has been speeding up India 's digital purchasing of FMCG goods, but the present pattern has been up for a while, with e-commerce forecast to lead to some 11% of FMCG revenues by 2030. India thus profits greatly from the strength of the Internet.

### **Covid-19 effects on FMCG business and customer behavior:**

The latest coronavirus is around for some time. This has proven that life and our attitude to it will never ever be the same. Of example, such a move has a negative effect on certain industries whilst giving some a boost.

I expect more improvements to consumer behaviour in the immediate to medium term, which would push FMCG businesses to shift their approach to customer acquisition and retention. Thanks to COVID, the structure of the consumer bucket has shifted and some of these adjustments are more lasting than others. The standard would be a stronger emphasis on fitness and hygiene. Competition is expected to rise gradually but not necessarily in budgetary categories.

We see a growing need for goods to enhance personal health in and around homes and workplaces for the typical customer. Items like soaps, hand washers, sanitation appliances, disinfection items, gloves, hats, home cleaning items like floor cleaners, bathroom cleaners and toilet cleaners, are in demand and this phenomenon is anticipated to continue in the future, as current mantras tend to be cleanliness and hygiene. It is possible that FMCG businesses meeting these criteria would perform well. Similarly, companies that depend on food items like instant noodles, biscuit, frozen products, rice, cooking oils, immediate mixes and supplements should be in demand. Products which contribute to the building of disease immunity are also demanded by consumers.

However, certain groups in the FMCG field are expected to take a seat back for some time. Brands should shift their emphasis from non-essential areas like deodorants, fragrances, skincare and other cosmetics, gourmet products, etc. This would therefore be important to handle supplies more accurately and prevent issues over freshness and the expiry of items. For the companies to restart this sector, the greatest test is to be capable persuade sufficient workers to have the option to come and work in the industrial facilities. FMCG companies are working with the administration likewise to attempt to perceive permit development of laborers. However, most of the laborers don't want to come back as they wish to stay with their families and work in and around the locality managing salaries at a lower rate. Therefore there are lack of skilled laborers which has impacted the production, however automation has stepped forward in these testing times.

The consumer's buying behaviour can also be modified in many ways. Consumers should seek to may their visits to stores as much as possible. It will mean that the total amount a person will spend on each trip would actually rise because they choose to stop repeated shopping trips.

Digital shopping would be the new norm. Initiatives like 'no touch shipping' from major actors would step up this phenomenon while buying online as consumers would have the opportunity to purchase the products from their homes' comfort.

The policy directives have a detrimental effect on the end of the sale and selling of soft beverages and cigarettes. In conjunction with the increase in national calamity dependent duty (NCCD) in early 2020, the present scenario for tobacco would have a detrimental average effect on cigarette volumes by approximately 10 percent in 2020.

To alcoholic drink firms, the lockout at the end of the financial year is very important. For certain nations, there is a charge for holding over-stocks between March and the next financial year. But businesses continue production at the end of March just to stop stock depletion and save on transition cost for the next financial year.

Alcoholic beverage makers would require 7-15 days to return to track even after lockout, because of the burden on the supply chain and consequent failure to produce and packaging raw materials and a lack of labor due to dispersal during the lockout. Since sanctions were removed, the government could emphasize the smooth functioning of the alcoholic liquor sector, which for most governments is one of the top three sources of revenue. During Lockdown 3.0, while the sale of liquor was mitigated, it evidenced to be a headache for the enforcement agencies as cops tried to enforce social distancing norms outside liquor outlets, the states themselves perceived to have gained by within the terms of revenues attained in Lockdown 3.0. With the advancement in

technology, you'll be able to virtually get your favorite liquors, beers or wine delivered straight to your door simply with the swipe of your finger.

### **Clothing and footwear: style is optional**

Despite COVID-19 quickly expanding globally, the apparel sector is in heavy headwinds owing to an interconnected supply chain. Brands began releasing their Spring-Summer collections with complete inventories in February and March 2020. Yet shops have gradually dropped below the amount owing to COVID-19 problems, long before the lockout, hurting revenue. Capitalizing on e-commerce through heavy discounts remains important because the mistrust in shopping malls persists. Deep discounts would enable players to clear their stock and infuse cash flow even though productivity does not actually benefit.

Interest for cosmetic & color products, in the midst of the COVID-19 flare-up is foreseen to see a precarious defeat. Aside from those items that are esteemed to be basic during such emergency, other superfluous items are foreseen to cook immense misfortune in later 50% of the year. For instance, post Covid-19 flare-up, buyers are changing their purchasing practices with 27.5% saying that the episode has brought about restricting itself and keeping away from open social events, consequently bringing about steep decrease sought after for corrective items. Then again, interest for individual cleanliness items, for example, hand sanitizers and hand washes is developing at an exponential rate over the globe.

India's quickly growing consumer goods ( FMCG) market is projected to rise flatly in 2020 as a consequence of extreme and sustained lockdowns, development unit limits, social distance levels and shop closures, according to data analysis company Nielsen. Previously, on 30 April, Nielsen had cut its estimate of development for the FMCG sector by almost half to 5-6% by 2020, with adverse effects of the coronavirus pandemic. While the FMCG industry displayed some signs of progress in June, market growth declined by 6% in the first half of the year (January-June).

"While sustaining this unprecedented impact on the industry, Nielsen has updated its forecast and plans to see a stable growth range of-) (1 per cent to 1 per cent for brand-name FMCG in India compared to an estimated rise of 5-6 per cent in the previous year," said Nielsen. It is the second iteration of Nielsen 's outlook for 2020, in the light of the coronavirus pandemic and ensuing business and supply chain disruption. On 21 January, Nielsen forecast a rise of 9-10% for the FMCG industry with a "good" outlook toward favorable macroeconomic conditions.

"In April-June the bellwether FMCG industry, which tried to revive from rough 2019, had a significant impact, with a sales value decrease of 17 percent in comparison with the same quarter of 2019," said Nielsen., "said Nielsen.

Nielsen nevertheless predicts an increase in demand during the holidays in October-December, when the divisions of food are projected to see higher growth, although the quarter of July-September is still anticipated to see some development. According to the study, the rural dividends of the FMCG industry have improved and stabilized from the effects of the Covid-19.

"Rural India has so far been excluded from Covid-19 comparatively, but its expansion now touches the hinterland. That said, we foresee an overall optimistic boost as a consequence of reverse migration," said Nielsen. In comparison, the current Mahatma Gandhi Rural

Employment Guarantee Act (MGNREGA) is a large wage, whereas the agricultural disbursements are more than twice as high as last year's.

Rural India accounts for about 36% to 37% of overall FMCG revenue, of which most are made up of foodstuffs

## 2. RESEARCH HYPOTHESIS:

**H<sub>0</sub>:** There is no difference in factor influencing customer preference and purchase behavior for FMCG products

**H<sub>1</sub>:** There is difference in factor influencing customer preference and behavior for FMCG products after COVID 19.

This hypothesis is to be tested regarding FMCG brands considered in the study such as soap, shampoo and detergent.

## 3. RESEARCH METHODOLOGY:

The study uses SPSS software for studying the behavior of consumers towards the purchase of FMCG products. The study focuses on the impact on the sales of FMCG products with the help of chi square test.

**Table 1: Factor influencing customer preference across rural and urban area.**

Factor influencing purchase behaviour and Customer preference	Distribution for place of residence			
	Rural	Percent	Urban	Percent
Brand name	64	21.33	94	31.33
Product quality	137	45.67	105	35
Price	67	22.33	47	15.67
Only brand available at local shop	10	3.33	15	5
Retailer advice	17	5.67	28	9.33
Extra quantity offered	5	1.67	11	3.67
<b>Total</b>	<b>300</b>	<b>100.00</b>	<b>300</b>	<b>100.00</b>

**Fig 2: Factor influencing customer behavior towards purchase of FMCG products**

Table 1 exhibit that product quality is the most preferred factor influencing customer preference of customers across both rural (45.67%) and urban area (35%). Price influences rural customer mostly, next to quality while brand name influences urban customer mostly followed by quality. Extra quantity offered is not effective factor that influence customer across both areas regarding FMCG products

**Table 2: Chi square test**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	19.350 <sup>a</sup>	5	.002
Likelihood Ratio	19.571	5	.002
Linear-by-Linear Association	0.3	1	.579
N of Valid Cases	600		

0 cells (.0%) have expected count less than 5. The minimum expected count is 8.00.

Source: Computed from primary data.

Significant at 5% level.

Table 2 shows the output value to be .002 <(0.05) the critical value. So the null hypothesis is rejected in this case

**4. FINDINGS OF THE STUDY:**

- The study shows that consumer behavior towards the buying of FMCG product was significantly impacted due to COVID19 pandemic situation.
- The FMCG products were sold at a lower rate and the sector suffered huge loss due to lockdown.
- Consumers were also facing financial crises that lead to decrease in the purchase of FMCG products.

**5. CONCLUSION:**

The study concludes that the factor influencing preferences of customers across rural and urban area varies for FMCG products. Humanity has encountered several problems from the very beginning. The severity of these problems was distinct and in multiple forms. From poverty through world conflicts, pandemics, environmental instability and climate change. Luckily, most of them are humanity – smarter and more robust. The emergence of the modern coronavirus is another obstacle that today is circling the globe. For all the problems we have encountered, only



a handful have impacted or have had the potential to influence any human being there, like Covid-19. We're going to get through this too. As this recession has changed a large portion of our lives, this revolution opens fresh possibilities and the individuals and organizations that take advantage of these openings are likely to succeed over time. It's almost as true for Fast Moving Consumer Goods (FMCG), the sector in which I operate. For 35 years now I have been a part of the FMCG business and today I am always studying the complexities of this rapidly evolving market.

Fast-moving consumer items are the commodities that pass very rapidly across the supply chain – from manufacturing, delivery and promotion to final use. Such fairly inexpensive items are distributed quickly because they are either still strong in demand (healers, cold beverages, etc.) or are perishable (clothing, agricultural foods, meal packets, etc.).

## **6. PRACTICAL IMPLICATION OF THE STUDY:**

In this study, factors influencing customer preference in rural and urban areas are addressed. This work intends to include knowledge on the effect on rural and urban market trends. In rural and urban areas the customer answer is not the same, which allows marketers to prepare FMCG products' marketing strategies. Comparison of specific variables impacting consumer reaction gives an understanding of customer actions in the decision taking cycle for FMCG goods. The untapped rural environment offers researchers with sufficient room for more study into consumer behavior.

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