

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

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ABSTRACT:

This study focuses on the impact of COVID-19 on the FMCG sector and the factors that have impacted the purchase behavior of customers. Secondary data based on past researches conducted by researchers has been used for this study and different research papers have been reviewed to make this study successful. The study includes almost all the factors that are necessary to study the impact of COVID-19 on the consumer behavior of FMCG products.

1. INTRODUCTION:

The FMCG companies that market products, 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 lockout, 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, they have had trouble replenishing stocks due to supply chain disruptions which lead to storage (Singh Arun Kumar (2016)).

E-commerce firms with an 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. On-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 lockout, whilst a phase of precautionary steps may contribute to a change in customer channel preferences.

New food packaged: inventories and demand fluctuations are a privilege

Packaged goods saw the revenue increase as customers proceeded to hoard on 26 March. 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 (Ali Md. Abbas (2015)).

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 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. 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 color 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 sanitis and bar soap rates to ensure equal quality and affordability.

Comparison of liquid soap stock in India and select countries during January and March

Home care: home hygiene points to a more permanent shift in consumer behaviour

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. Such terms are expected to begin to be more commonly utilized after COVID-19, driving domestic treatment development in the world's fifth-largest home care sector (2019).

2. LITERATURE REVIEW:

According to Ali Md. Abbas(2012), the COVID-19 epidemic culminated in intensified demand for consumer health goods, in particular cough, cold and allergy treatments (hay fever), as customers expected a potential short-term supply 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, 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 Select Countries (Narayana. K Lakshmi &Mathew(2018)

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 (Painoli Arun Kant (2015).

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.

Fast Moving consumer goods (FMCG), as packaged goods, are often named. Products classified as FMCG are often recognized as foodstuffs, snacks, toiletries, medications and pulses, mostly bought from customers. Includes detergents, bathroom soaps, toothpaste, shoe polish, cosmetics and kitchen and computer products in the inventory of products bought. These products are frequently bought by customers and cost little (Report, 2012).

Fast moving consumer items are food and non-food products that a customer requires in everyday life. These goods are frequently bought by customers, who are motivated to draw the interest of buyers to buy their advertised products from the producers. The products are often bought at malls, convenience shops, hypermarkets, etc. (Leon and Leslie, 2006). The retailers use different places and channels for the selling of their goods which are readily available to consumers. There are a few conventional stores who have earned extra money from mark labels. Everyone will routinely purchase these consumer goods.

A manufacturer 's main goal is to acquire market credibility and sell the goods in virtually any shop and make it easier for customers and reach. Most international corporations utilizing strong global names. These labels are substituted by local brands. When you sell your goods through an efficient supply chain to all the shops, the customer will certainly have the commodity when he / she wants it. FMCG's supply chain is a list of all systems and their related services. This involves vendors, component makers, providers of logistics resources, retailers, dealers, wholesalers and others that eventually allow the goods meet consumers (Kotler 2002). This sales force operation allows you to sell high-scale goods. Any company must perform market analysis, user study, product segmentation and product positioning extensively. It is a crucial practice to encourage and market the commodity, carry out POS events or build brand recognition.

Alcoholic drinks and tobacco: interruption of sales

In response to the lockdown, all major tobacco players, including ITC and Godfrey Phillips, both get their manufacturing facilities shut down or their activities scaled back. 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.

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.

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3. RESEARCH METHODOLOGY:

The study consists of the use of secondary data to conduct the study and involves the use of previous studies and latest researches done focusing on the impact of COVID-19 on the consumer behavior in FMCG sector. The study method is descriptive and the whole study is based on systematic reviews of researches done on this particular subject area.

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 demand got reduced due to the economic crises during the lockdown due to COVID-19 so the sector also suffered a heavy loss.
- Due to cultural factors and financial crises also the purchase decision of FMCG products were heavily impacted.

5. CONCLUSION:

The study concludes that the factor influencing preferences of customers while buying products from FMCG companies and shows the negative impact on the consumer buying behavior in FMCG sector. 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. 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 products 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:

The present research discusses variables that influence consumer choice in rural and urban areas. The research seeks to provide information into the effect of consumer dynamics in rural and urban areas. The consumer reaction is not the same across rural and urban regions, 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.

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