



A Study on the Paradigm Shift of Consumer Behaviour towards E-Commerce (FMCG) During Pandemic Lockdown

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ABSTRACT

As the E-commerce industry is growing tremendously in the Indian market. The cheap 4G internet packages in India gives a push to these industries. So, as Covid-19 first hit in India, people got scared to go out from their homes because, in their mind, it's a fear of coronavirus. They even hesitate to go out to buy essential (FMCG) goods. Panic buying also has been seen and to avoid this fear of COVID-19, people are giving preferences to the E-Commerce sites to buy essential goods and some customers are new which signed up to buy essential goods during this Pandemic Lockdown period. Many customers are shifting their buying behavior from offline retail stores to online stores. In this questionnaire collected from 153 respondents, some of them are old customers which used to buy some of their essential (FMCG) goods online and some of them are new users. This whole paper shows and puts light on how consumer behavior has changed and they are shifting towards E-Commerce.

INTRODUCTION (Ecommerce Industry in FMCG sector)

FMCG during the pre-COVID world

The FMCG industry in India has been dynamic and was undergoing significant changes in the years leading up to the pandemic. The sector had been seeing a slow-down since mid-2018, with growth rates steadily declining for the past 15-18 months from the mid-teens to around half of that by Jan/Feb 2020. In this scenario, FMCG players had been trying to compete by way of price cuts and greater offers to consumers in the hope of gaining market share.

Impact of Covid-19 on FMCG sector

& consumer behavior

A lot of changes in consumer behavior, due to which FMCG companies will be forced to adapt their strategy for customer acquisition and retention. The composition of the consumption basket has changed due to COVID and some of these changes will be more permanent than others. An increased focus on health and hygiene will become the norm. Demand in the discretionary categories is likely to come back slowly but not immediately.

For the average consumer, we are seeing a surge in demand for products that enhance personal hygiene in and around homes and workplaces. Products such as soaps, handwashes, sanitizers, disinfectants, wipes, masks, home cleaning products such as floor cleaners, kitchen cleaners, toilet cleaners are seeing a surge in demand, and this trend is expected to continue as cleanliness and hygiene are going to be the new mantras. FMCG companies servicing these requirements are likely to do well. Similarly, companies that focus on food staples, and convenience foods such as instant noodles, biscuits, frozen foods, flour, cooking oils, instant mixes, and nutrition are going to be in demand. Products that help in building immunity against illnesses are also in significant demand from the consumers.

Some categories within the FMCG sector are likely to take a back seat for a while. It will be wise for companies to shift their focus from non-essential categories such as deodorants, fragrances, skincare, and other cosmetics, gourmet foods, etc. It will also be imperative to manage inventory better to avoid concerns surrounding freshness and the expiry of products.

The shopping behavior of consumers is also set to see a change in 2 broad ways:

- Consumers will try as hard as possible to reduce their trips to supermarkets. This would mean that the average amount an individual would spend on each trip is likely to increase as they would want to avoid making frequent trips to the supermarket.
- Online shopping is going to be the new norm. Initiatives like 'no-contact delivery' by key players are going to accelerate this trend in online shopping and people will have the luxury of procuring the goods from the comfort of their homes.

The impact of COVID-19 on e-commerce will promote the further progress of new policies for online purchases and supply. It is promoting all kinds of small businesses, the partnership in e-commerce activities by small producers manufactures, retailers and consumers have also been increased. For several FMCG companies, e-commerce platforms are an important part of building a network, by programs like direct home deliveries or direct store deliveries, customer backhauls, and nurturing partnerships with tech-enabled delivery platforms or apps. E-commerce boosts in enhancing business to consumer (B2C) deliveries also efficient in Business to Business (B2B) deliveries to distributors and retailers directly.

As this pandemic will have a long-term impact on consumer behavior and they have to adopt new strategies/policies to adjust with the current trend. Similarly, FMCG companies have to adapt to the external environment, the variation in consumers' demand and behavior as direct to consumer outreach will help FMCG companies to become more engaged and productive to sustain the business for the long run.

The first confirmed case of Coronavirus was on 30th January 2020 in the state of Kerala. The person who was affected had a travel history from Wuhan, China. On 25, March, 2020 India went into a complete Pandemic Lockdown. After the lockdown some strict rules set by the government of India like, there was a ban on people from stepping out from their houses, all the shops and services closed except pharmacies, hospitals, banks, grocery shops, and other essential services, for both public and the private government asks them to work from home and many more.

E-commerce surge sales of FMCG goods in India during pandemic lockdown as consumers are scared to go out from their homes because of the fear virus. Even 2-3 weeks earlier before the lockdown, there was a huge demand for FMCG goods, sanitizers, etc. According to the FMCG companies, there was a sudden jump in demand around 15-45% according to the category.

Products such as rice, atta, pulses, edible oil, sugar, biscuit, tea, instant noodle, frozen food, soaps, hand washes, and floor cleaners are flying off the shelves from almost every state of India. Even small, medium Kirana shops are going towards online selling due to huge demand, and they are doing it by creating their website or joining a different platform like Amazon, Flipkart, Grofers, and other e-commerce industry to increase the sales and fulfill the demand of the customers.

E-Grocers like Big basket, Grofers, Amazon say that their sales are up by 100% and there is more jump in the sales of staples, biscuits, frozen soaps, and handwashes. FMCG industry trying to speed up the supplies of the goods, so that there should be no shortage of goods. Panic buying of FMCG goods also took place and everyone started buying goods in huge quantities to store the goods for more than a month. Due to this, it becomes very difficult for FMCG companies to complete the demand of the consumer. Because orders were coming from both sides Kirana shops are offline and online grocers. Some FMCG companies like ITC Ltd, Parle Products, Amul, and Godrej Consumer were going out of stock from the stores and most of the goods doesn't last for even a week said the RS Sodhi (Amul managing director)

Shortage of delivery persons because of the huge online demand for FMCG goods. Online Grocers like Bigbasket, Grofers, Nature's Basket were going out of delivery guys due to the surge in demand and because of that, these companies were given 2 weeks or sometimes 3 weeks ahead of dates from the time they put on delivery option. Those people who haven't used any type of online shopping platforms were also signing up and putting orders.

People are getting used to the E-Grocers platform in the time of pandemic lockdown, everyone is trying to buy essential goods online. Even new customers are coming on this platform to buy their goods online. So, those customers who haven't tried these platforms before are giving it a call and ordering their essential goods online. It's been almost more than 3 months of lockdown and constantly increasing in the COVID-19 cases after the ease of the lockdown, still, there is a huge demand for essential goods. But some of the restrictions are also put by the online companies to avoid panic buying like, customers can't order lays chips packet more than 2 or customer can't add more than 10 kg of flour. Even after an ease in the lockdown companies are not getting enough workforce to work efficiently to fulfill the demand of the customers. Amazon, Big Basket starts hiring delivery guys temporarily to complete the demand of the customers but still, the customer has to wait for more than a week just to its essential items which are a lot of time than it takes it usually. JIO has also stepped into this industry during the pandemic lockdown and start its services on 27,4,2020 to take it as the opportunity and get the permanent base customers. Reliance saw the huge demand in this pandemic lockdown of FMCG goods and after this consumer buying behavior towards e-commerce is going to be different due to this COVID-19 pandemic lockdown. So, every Kirana which is offline they have to go digital by creating their online website or joining hands with the existing e-commerce industry.

This report will give the bigger picture that what consumer behavior would be after the pandemic lockdown and how fast steadily shift consumer from offline retail to online e-commerce and what will be the future of the e-commerce industry in India and how the e-commerce industry starts gaining the trust of new as well as existing customers.

LITERATURE REVIEW

Aneesh Reddy, (April, 14, 2020) Covid-19 impact: Consumers move towards digital Aneesh Reddy explained that due to the COVID-19 pandemic, the way we work has changed, the way we used to shop and communicate with people. People are only going out only to buy essential items from the retail stores and still they are worried to go out to buy essential goods because they are constantly worried about getting infected. Reddy said that according to a report, due to a cheaper 4G network and constantly increasing consumer wealth, Indian e-commerce is expected to grow to US\$200 billion by 2026. But these projections were based on the pre-COVID-19. But as COVID-19 hit India, the surging demand of e-commerce for the past few months is so high that the e-commerce industry could hit \$200 billion much earlier.

Bansal, S. (April 02, 2020) Opinion | will consumer behavior see shift post-covid-19 Shuchi Bansal said that, as a consequence of COVID-19 lockdown, there would be a major shift in the supply chain and increased consumption of e-commerce portals through the internet. It has been estimated that the online stores engaged in sales of groceries and other FMCG products could see a massive shift in demand to avoid going out to crowded shops and marketplaces. After analyzing the consumer buying behavior from the time India first encountered COVID-19 till the time it went under lockdown, it could be said that people have become more conscious about health and hygiene and there would be fewer visits to stores and more online shopping for customers.

Nath, S. (April 28, 2020) Did the lockdown accelerate the digitization of India Inc? Sanstuti Nath threw light on the term 'digital consumption'. Her study on the consumption patterns of consumers post-pandemic lockdown showed that the e-commerce companies have seen significant growth of 70-100% for essential commodities. And this sudden adaptation of digital platforms can be allocated to mobile advertising. Top companies and brands were already benefiting themselves from these platforms, and also now post lockdown this whole scenario is going to change how consumers buy.

FE Online, (April 29, 2020) Millennials will buy in revenge once lockdown lifts; consumer behavior to change in these ways It said that as the country is under lockdown for such a long time, the buying behavior of the consumer, especially the Millennials are expected to undergo massive changes as most of them are going to do revenge buying, as they didn't get to buy goods as they used to buy in the pre- lockdown period. And if the e-commerce industry is talked about, they are estimated to be the clear winners, especially in the FMCG online sales, in the short and long term both, as part of the strategies of FMCG companies.

Euromonitor International, (April 20, 2020) Coronavirus effect on Indian FMCG industries and services During the lockdown period, the industry that has been impacted the most is the FMCG industry, being affected due to the breakdown in the supply chain of the country. Also, the consumer's definition of essential goods has been changed, with masks and sanitizers entering into the category, while the other FMCG goods like beauty products, footwear, clothes have taken a back seat with groceries and packaged goods with high demand among the consumers. Where grocery retailers accounting for about 60% of store-based sales have been permitted. With a threat of getting infected consumers are now shifting to online stores for making the purchases of essential commodities so that they don't have to go anywhere else and confined to their homes safe and secure.

PTI, (April 24, 2020) Majority of Indian consumers may shift to online shopping in the next nine months The surveys done have estimated that the pandemic breakdown and lockdown are going to bring major changes in how the Indian consumers going to buy goods or their buying behavior. If essential commodities are talked about, there will be a major shift from 46% to about 64% in online shopping in the next 6-9 months. Also, as compared to 59% of consumers, around 46 % of consumers are going to buy from physical stores. A survey conducted showed that nearly 74% of consumers prefer to buy online post the lockdown.

next News desk (April 29, 2020) Bengaluru-based startup wagon fly secures \$500k in investment from ITI growth Companies like Wagonfly which is a contact-free shopping and delivery services startup, has just raised \$500,000 funding, where its founder Raghavendra Prasad, has claimed a major shift to take place in the overall operations of the retail stores. As a consequence of this Covid-19 lockdown, consumers are now going to prefer contact-less shopping through online stores or portals and this is going to completely change their buying and consumption behavior and patterns. The company's venture called safely, an online marketplace focuses on meeting the consumer's changing demands for FMCG products who fear to step out due to the pandemic.

PTI (April 19, 2020) Post lockdown, online-to-offline strategy to get prominence in the retail sector: LOTS Wholesale The retail outlet LOTS wholesale have stated that as consumers are now more conscious of their health and protection against the pandemic, there is going to be a drastic change in the consumer behavior especially in buying FMCG goods and all retailers will be bound to do the sales on online platforms, that is the e-commerce portals to meet the demands of consumers and promote contact-free ordering and Delivering services. Also, they said that to cater to the changing needs of customers there would be a need to have an omnichannel strategy, online to offline. As for now, there is increased demand for only essential commodities but a considerable amount of time will be taken for shopping behavior to get normal, as purchasing habits are going to change drastically.

Mukherjee. W, Bailey. R, Srivastava. A (March 16, 2020) consumer goods flying off the shelves Covid-19 lockdown has witnessed a sudden rise in the online sales of consumer goods like groceries through the emerging online platforms like Grofers, big basket, etc. in the form of panic buying.

Various FMCG companies have witnessed a 20-25% rise in the sales of these goods in each category. E-commerce companies like these have stated that they are stocking these goods in advance as compared to the pre-lockdown period and are seeing this as an opportunity to encourage customers to go online shopping and benefit from the same. And they have allowed the reason to the consumer's concern about social distancing and as a preventive measure against the pandemic.

PTI (April 06, 2020) Preference for hygiene products to rise, online sales to zoom, amid COVID-19 threat: GCPL GCPL MD and CEO told Vivek Gambhir told that a major shift in consumer buying behavior and preferences is going to take place as a consequence of Coronavirus and they are going to be more conscious about health, hygiene, and sanitation. And as a result of this threat and concern, he says that there is a good opportunity for e-commerce companies to boost their online sales as people would prefer to go for contact-free buying through these platforms. After this analysis, FMCG companies are now entering into the manufacturing of sanitizers and related health products as a rise in the online sales of FMCG products through e-commerce platforms can be seen clearly.

RESEARCH METHODOLOGY

Descriptive Research design

Descriptive research is defined as a research method that describes the characteristics of the population or phenomenon that is being studied. This methodology focuses more on the "what" of the research subject rather than the "why" of the research subject.

Sampling method

For this research, convenience sampling is used. As the name implies, purposive sampling refers to the collection of information from members of the population based on their characteristics and the objective of the study.

Convenience Sampling

Convenience sampling is a type of non-probability sampling that involves the sample being drawn from that part of the population that is close to hand.

Sample size

The sample size for this study is 42

SOURCE OF DATA

Primary data

The Primary Data required for the study was directly collected from the customers through a structured questionnaire.

Secondary data

The information regarding automotive paints has been drawn from various published sources. They include a Review of Literature taken from various authors, Professional business Journals, and Magazines, besides the Newspapers. The data relating to has been collected from company records.

RESEARCH INSTRUMENT

In order to collect the primary data, the questionnaire is used as the research instrument it consists of a set of questions arranged in a logical pattern for the respondents to answer. The type of questionnaire used is structured disguised in which lists of questions were formed, to collect the facts.

STATISTICAL TOOLS USED

The main statistical tools used for the collection and analyses of data in this Project are:

- ANOVA TEST
- KRUSKAL–WALLIS NON-PARAMETRIC TEST

ANOVA TEST

The one-way analysis of variance (ANOVA) to determine whether there are any statistically significant differences between the means of two or more independent (unrelated) groups (although you tend to only see it used when there is a minimum of three, rather than two groups). For example, you could use a one-way ANOVA to understand whether exam performance different based on test anxiety levels amongst students, dividing students into three independent groups (eg, low, medium, and high-stressed students).

KRUSKAL–WALLIS NON-PARAMETRIC TEST

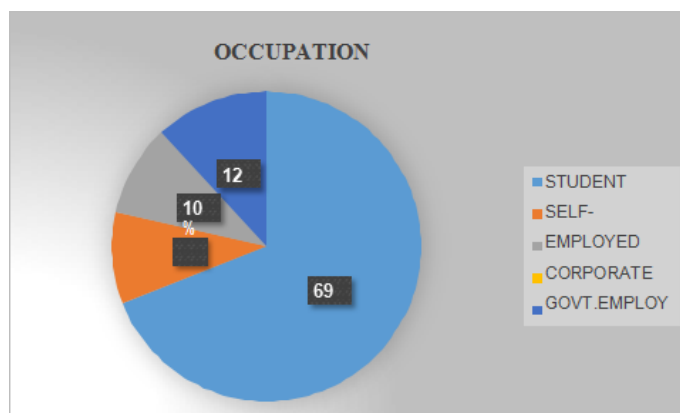
The Kruskal–Wallis test by ranks, Kruskal–Wallis H test, or one-way ANOVA on ranks is a non-parametric method for testing whether samples originate from the same distribution. It is used for comparing two or more independent samples of equal or different sample sizes. It extends the Mann–Whitney U test, which is used for comparing only two groups. The parametric equivalent of the Kruskal–Wallis test is the one-way analysis of variance (ANOVA).

Data Analysis and Interpretation

TABLE: STATING OCCUPATION

PARTICULARS	NO.OF.RESPONDENTS	PERCENTAGE
STUDENT	29	69%
SELF-EMPLOYED	4	9.5%
CORPORATE	4	9.5%
GOVT.EMPLOYEEES		
OTHERS	5	11.9%
TOTAL	42	100%

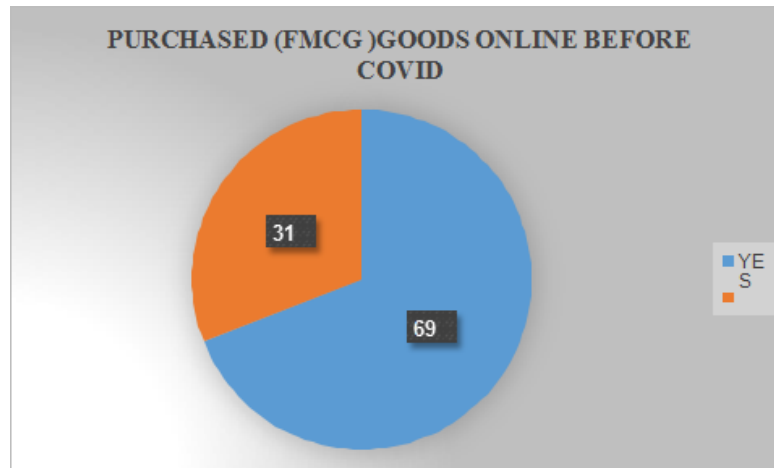
4CHART: SHOWING OCCUPATION



INFERENCE: The above table and chart indicate that 69% of respondents are Students, 12% of respondents are others, 10% of respondents are Corporate, and 9% of respondents are Self- Employed.

TABLE: STATING PURCHASED (FMCG) GOODS ONLINE BEFORE COVID

PARTICULARS	NO.OF.RESPONDENTS	PERCENTAGE
YES	29	69%
NO	13	31%
TOTAL	42	100%

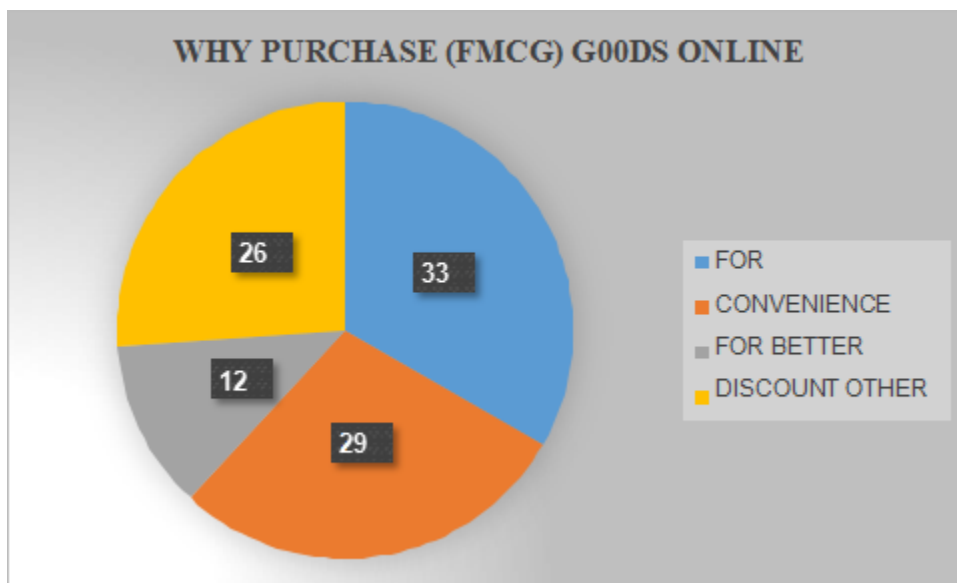
CHART: SHOWING PURCHASED (FMCG) GOODS ONLINE BEFORE COVID

INFERENCE: The above table and chart indicate that 69% of respondents were not purchased (FMCG) goods online, and 31 % have purchase (FMCG) goods online before Covid-19

TABLE: STATING WHY PURCHASE (FMCG) GOODS ONLINE

PARTICULARS	NO.OF. RESPONDENTS	PERCENTAGE
FOR CONVENIENCE	14	33.3%
FOR BETTER DISCOUNT	12	28.6%
OTHER REASON	5	11.9%
NO SPECIFIC REASON	11	26.2%
TOTAL	42	100%

CHART: SHOWING WHY PURCHASE (FMCG) GOODS ONLINE



INFERENCE: The above table and chart indicate that 33% of respondents purchase (FMCG) goods online for Convenience, 29% for a better discount, 26% for no specific reason, and 12% for other reasons.

ONE WAY ANOVA

Variables used in the test: the occupation of respondents and customer purchase online before covid-19.

Null hypothesis: there is no significant association between the two variables.

Alternate hypothesis: there is a significant association between two variables

ANOVA

PURCHASE ONLINE BEFORE COVID-19					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.668	3	.556	2.890	.048
Within Groups	7.309	38	.192		
Total	8.976	41			

Since $P < 0.05$, reject null hypothesis

Inference: there is a significant association between customer’s occupation and purchase(FMCG) goods online before covid-19.

Interpretation: factors affect different occupation of respondents to purchase (FMCG) goods online before covid-19.

Kruskal-Wallis Test

The Kruskal–Wallis Non-Parametric Hypothesis Test is to compare medians among k groups. The null and alternative hypotheses for the Kruskal-Wallis test are as follows:

- Null Hypothesis H_0 : Population medians are equal
- Alternative Hypothesis H_1 : Population medians are not all equal

Ranks

PURCHASE (FMCG) GOODS ONLINE BEFORE COVID		N	Mean Rank
WHYCUSTOMERPURCHASE(FMCG)GOODS ONLINE	yes	29	18.98
	no	13	27.12
Total		42	

Test Statistics^{a,b}

WHY CUSTOMER PURCHASE(FMCG) GOODS ONLINE

Kruskal-Wallis H	4.458
df	1
Asymp. Sig.	.035

Since $P < 0.05$, reject null hypothesis

a. Kruskal Wallis Test

b. Grouping Variable: PURCHASE ONLINE BEFORE COVID

Inference: there is a significant association between why customers purchase (FMCG) goods online and purchase (FMCG) goods online before covid-19.

Interpretation: factors affect different opinions of customers why purchase (FMCG) goods online of respondents to purchase (FMCG) goods online before covid-19.

FINDINGS OF THE STUDY

It is founded that 69% of the respondents belonged to the student, 11.9% belongs to others, 9.5% belongs to corporate, 9.5% belongs to self-employed

- It is observed 69% of the respondents have purchased essential (FMCG) goods online before covid-19, and 31% have not purchased.
- It is observed that 33.3% of respondents have purchased (FMCG) goods online for convenience followed by 28.6% for better discounts, 26.2% for no reason, 11.9% for other reasons.

CONCLUSION

The research has found that the most important aspects of those customers who have never bought anything (FMCG) goods before have shown interest in buying FMCG goods online. As in the above charts shows that over 16% sharp jump in the new customers who freshly signed up to buy goods through an online platform. And over 90% of customers are satisfied with buying (FMCG) goods online. These number clearly shows that many of the new customers are shifting towards the online platforms to buy (FMCG) goods online. Not only the number of new customers has been increasing but also the satisfaction level is also increasing dramatically. These are because of several reasons like, the person is fear to buy goods offline due to the COVID-19 virus. So they trust more in the E-commerce industry rather than buying goods through offline Kirana stores. It's been 2 months since the lockdown period has started and the hike of the new customers is tremendous. According to some articles, demand for FMCG goods was so high that it's difficult for the E-Commerce companies to fulfill the demand of the customers. Through this paper, we get the idea that more and more customers are keeping on adding themselves and becoming a member of the online E-commerce platform. Many of them believe that the E-commerce industry is going to replace the traditional way of shopping like offline retailers. This indicates that many customers are going to rely on online platforms to buy (FMCG) goods rather than buying offline. COVID-19 helps E-commerce to generate more customers because everything was lockdown and people were scared to step out of their house, so they preferred to buy goods online and many of the new customers also joined. As per the survey not only new customers have joined to buy the Essential (FMCG) goods but the satisfaction level also has increased and most of the customers are going to spend more on ordering more FMCG goods online rather than going offline Kirana. The respondents say that the e-commerce industry played a vital role during the lockdown period and most of the customers said that they are kept on buying essential (FMCG) goods online even after the lockdown. Many customers are going to rely on the E-commerce platform to buy essential (FMCG) goods online. It clearly shows that the E-commerce industry is going to boom in the future.

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