

# COVID 19 Impact on the Consumer Consumption Pattern in the FMCG Sector

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## Abstract

The research is focused on identifying the changes in the consumption pattern of the consumers in the FMCG sector due to the COVID 19 pandemic. The distribution channel disruption and the complete lockdown severely affected the manufacturing and the distribution of the FMCG products and the shifts that has taken place when it comes to purchase of FMCG goods, the medium used and whether the change in the behavior of the consumers are permanent or temporary. The research was conducted on the FMCG sector which provides huge opportunity in the rural markets of India. The pandemic has shifted the consumer consumption pattern from non- essential goods to essential products. Purpose – The main purpose of the research is to look into the consumption patterns for pre- corona, during the lockdown and the post lockdown and finds out the changes in the consumption pattern so as to understand the future of the FMCG sector. The customer conversion into e-commerce platforms and home delivery services for purchase of groceries, vegetables etc.

**Keywords:** Consumer Consumption Pattern; FMCG Sector; Localization; Prioritization.

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## INTRODUCTION

The Fast Moving Consumer products (FMCG) have sales of 50% in the personal care segment and household care segment. FMCG sector sales are mostly from urban areas than the rural markets. Many reasons pave way to the development of the FMCG sector like consumer awareness and faster availability.

The FMCG sector is growing quickly in the rural and semi urban markets. The world economy and market were gravely influenced because of the worldwide pandemic COVID-19. It has affected markets worldwide, and subsequently, the assembling business has been compelled to manage assets in the most ideal way over the globe. In India, one of the most affected parts in the FMCG area are three significant portions which incorporates food and beverages (19%); medical care (31%) and personal care (50%). The pandemic influenced the purchasing behavior of the shoppers.

The demand for FMCG items expanded from the start because of purchasing of essential products due

to the fear of non-availability, supply chain and logistics disruptions also occurred in the beginning of the pandemic. The principle change was the increased demand for essential items, hygiene and health products compared to non-essential items. It additionally made an enormous number of clients move to the e-commerce platforms for their purchases.

It also changed consumer behaviors, habits and attitudes which are expected to remain even after the pandemic. The purchases during the lockdown are fixated on the most essential products and the consumers are conscious about their purchases. They are also buying local products and using e-commerce platforms for purchases. Many researchers found that the new purchasing habits that consumers developed during the pandemic will continue after the pandemic too by permanently changing where the consumers shop, how they shop and what they value.

## OBJECTIVES OF THE STUDY

- To find how COVID 19 impacted the

consumption pattern for FMCG products.

- To find the shift that has happened to the consumption pattern of FMCG products.
- To identify the future opportunities of the FMCG market post COVID 19.

## LITERATURE REVIEW

The FMCG sector contributes to the GDP and provides products to low income and middle income consumers. Most FMCG sectors use rural marketing as their new marketing mantra. There is a huge market and unlimited opportunities in the rural areas of India for the FMCG sector. The Indian FMCG sector follows various rural marketing strategies for the rural markets. The large amount of population shift from the rural areas to the major cities has contributed rapid urbanization. The foreign investment also an important factor (Kavitha, T. C. (2012).

In the marketing of fast moving consumer goods the customer behaviors plays a very significant role. Various factors affect this behavior. In the present time; the consumer needs and wants evolve and change rapidly. The sector also contributes to the growth of the economy as well as the GDP of the country (Vibhuti, A. K. T., and Pandey, V. (2014) 16.

The impact of COVID 19 with the declaration of lockdown, Indians began swarming staple goods stores across the nation. Since mid-March, individuals had begun hoarding essential products. In a fortnight, consumption patterns of FMCG products have changed. Covid has expanded sales of packaged products, home care products and personal care products. It also affected the supply chain activities thus creating lack of availability of essential items with the lockdown influencing the transportation of these products. The pandemic has affected the normal life and the distribution channels got affected and the consumptions patterns have also changed. This has also lead to hoarding practices and disruptions in the supply chain activities.

Essential grocery items like atta, oil, pulse, ghee, rice, personal hygiene items, hand sanitizers, laundry products and snacks were a portion of the items which were unavailable and out of stock. Conventional exchange saw a tremendous demand for food items which are essential along with snacks, lifestyle items also saw huge demand. Demand for confectionary and chocolate items saw a decrease in the outlets (Shambhavi Anand. (2020, April 17).

There are major and permanent shifts that have happened to the purchase behavior of consumers. The consumers have quickly adopted e-commerce platforms and the home care and personal care products are

experiencing huge growth. These categories continue to sell in large amounts and are seen to be not affected by the pandemic. These products like soaps, baby food, shampoo, health drinks, juices and chocolates (Krishna, V. (2020, March 25).

Web based business and home delivery would outweigh everything else in the purchasing behavior of customers in the future. This also pushes the FMCG players to concentrate more on home consumption than catering to on the go customers. Customers will also shift to organized players which provides better hygiene, quality and cleanliness from the unorganized markets when it comes to purchase of meat, vegetables etc. This move can lead to an increase in the consumption of frozen food products and can shift the buying pattern of the consumer; this change could be seen in 6-12 months (Roy, S. (2020, April 9).

India clocked a GDP of about \$3,000 billion for the year finishing March 31, 2020 despite an expected economic slowdown. 58% of the GDP is private utilization which is about \$1,700 billion. The diminishing purchasing power of the consumers is more due to the changes in consumer behavior and consumption pattern and it has very less to do with the 4 week long lockdown. The lifestyle food items showed the most impact due to the pandemic especially in health foods, premium snacks, alcohol, beer etc (Arvind Singhal. (2020, April 13).

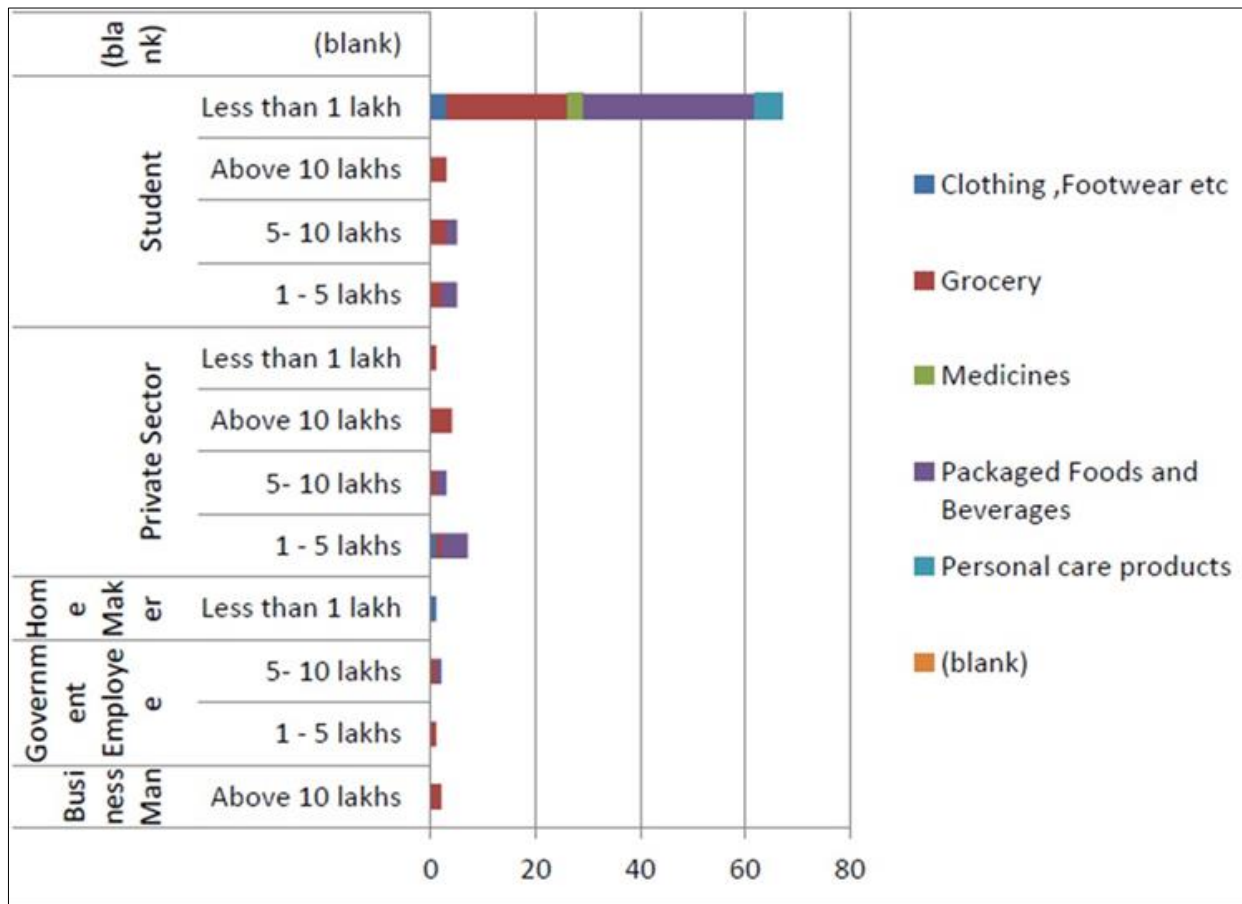
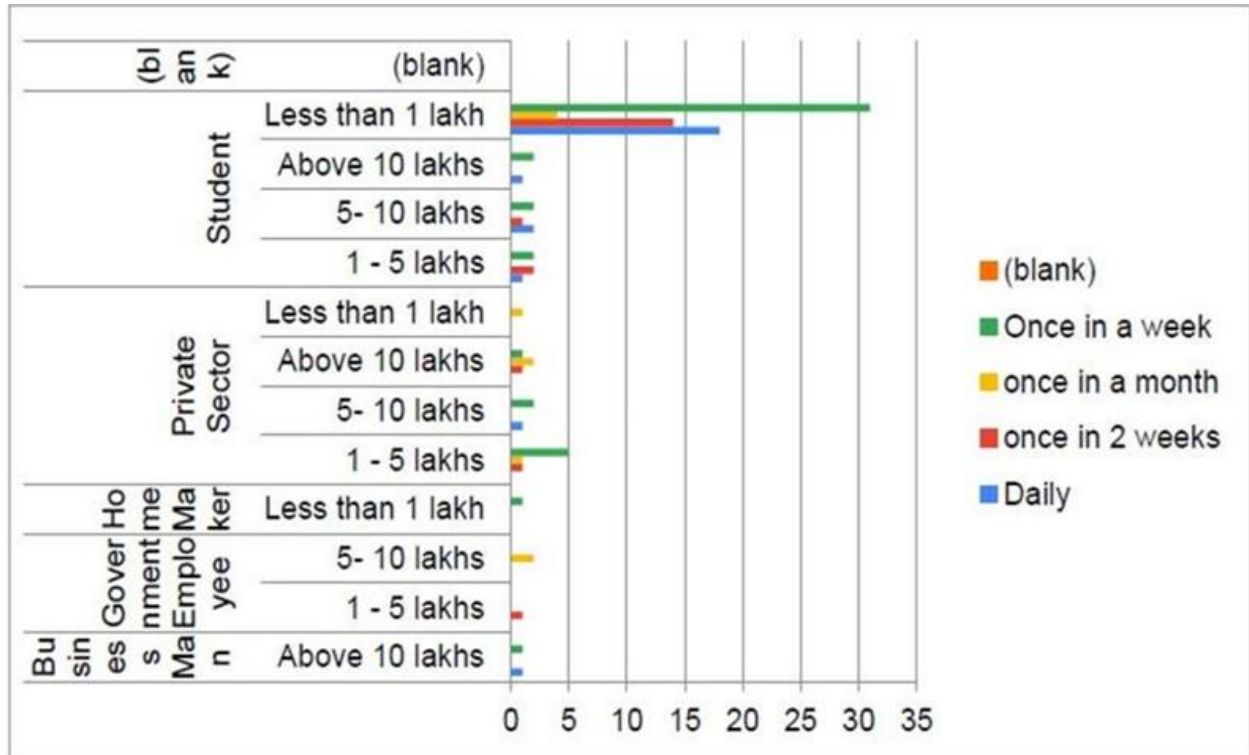
## Analysis

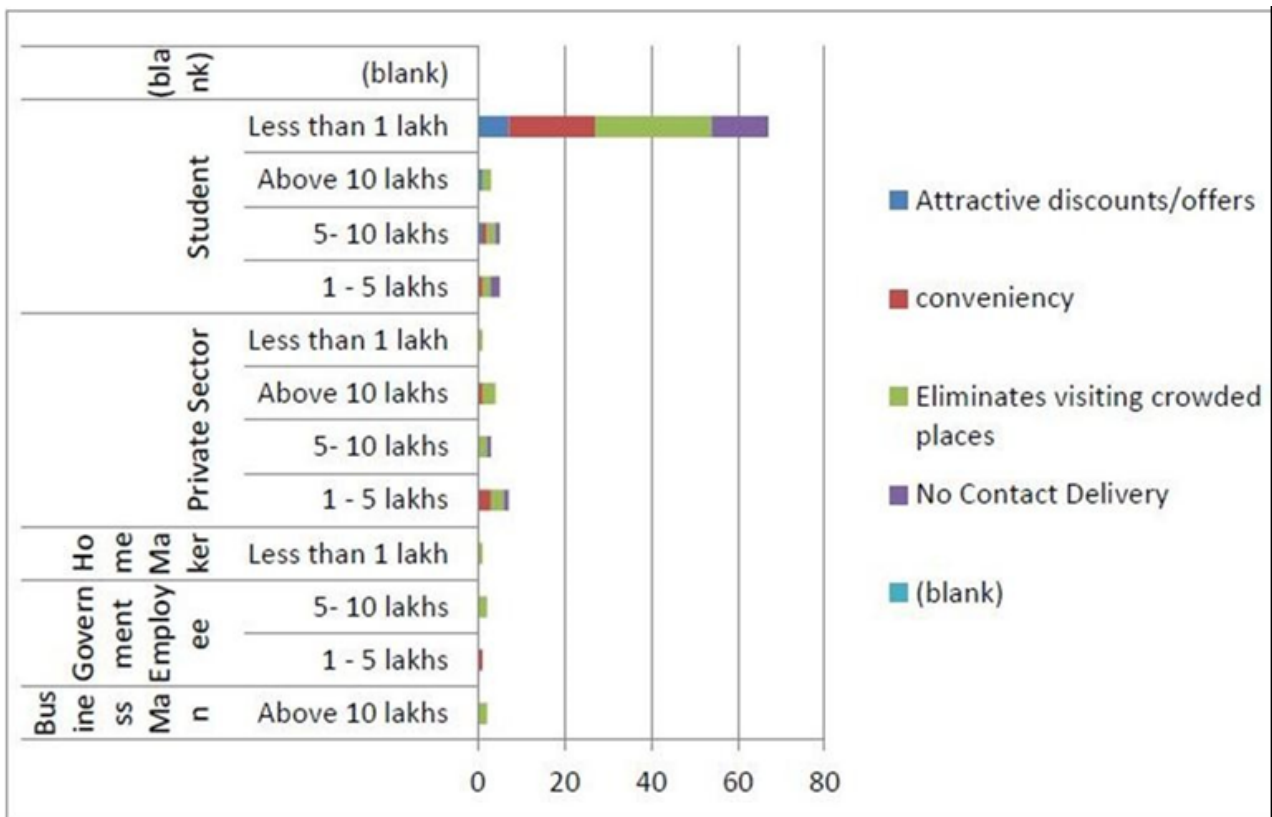
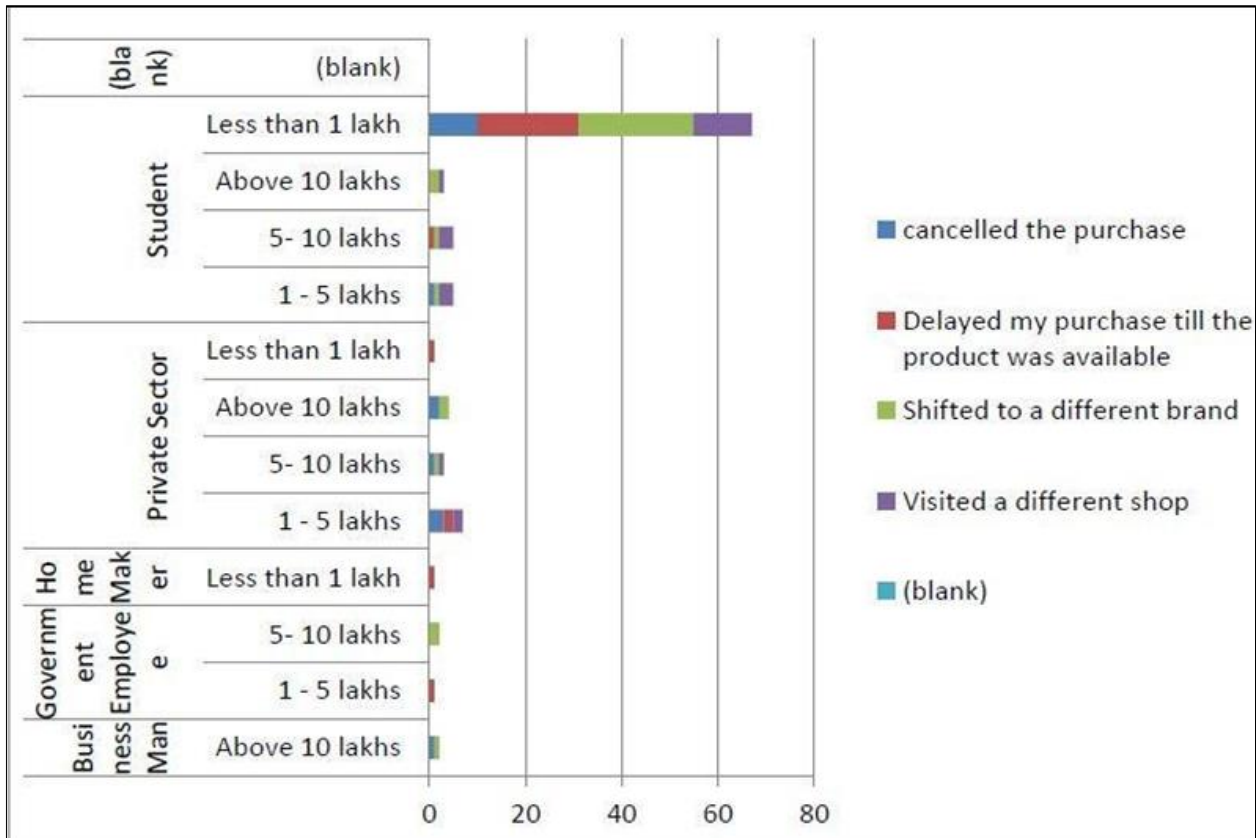
### Reliability Statistics

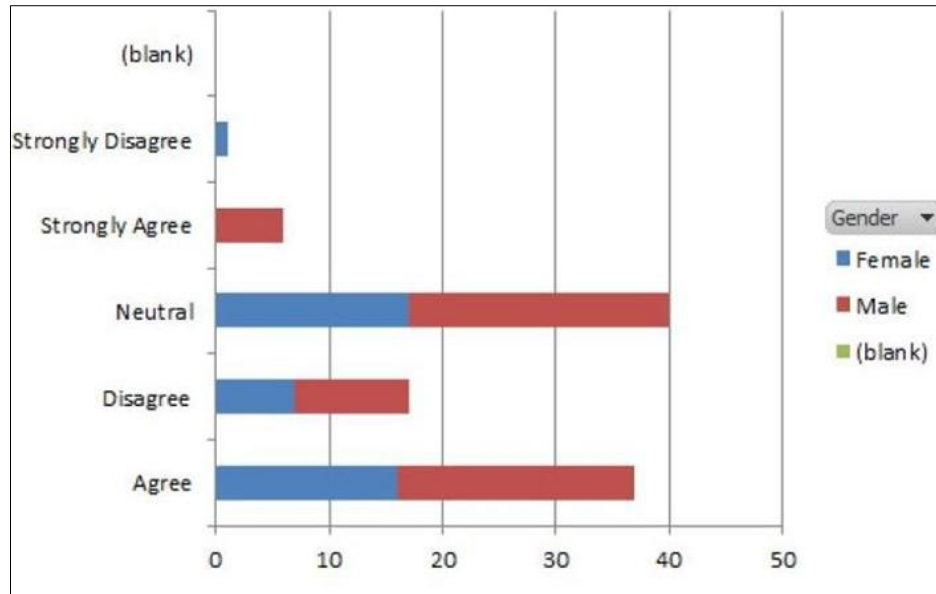
Cronbach's Alpha	N of Items
.739	16

## Research Gap

The limitation of the study was that the lockdown has not ended and the shift that has happened cannot be studied to its full capacity. Also the world is still at their homes and fighting the pandemic and carrying out essential activities. Companies can study the market and the consumer behavior to cater to the present need of the hour. The pandemic will lead to certain permanent changes in the consumer behavior and there is scope for further studies and research on the FMCG sector and changing consumer behavior. The shift that will happen to FMCG sector will change the way the market works and new players, products etc. will come to the market. And the products and companies that adapt to these changes will cater to the consumer needs and others will be pushed back.







### Findings

- The consumers hoarded items during lockdown as consumers went through panic buying behavior and bulk buying of products due to fear of shortage of products. The consumers bought essential items like fruits, vegetables, groceries etc. during the pandemic and gave least importance to products which are non-essentials like fashion, electronics, footwear, cosmetics etc.
- Consumers shifted to different brands when there was lack of availability and preferred good quality products at affordable prices. They also prioritized their purchases during the lockdown.
- Buying pattern of the consumers shifted as most of them started buying products online so as to reduce their visits to retail stores and they also went to small kirana shops over supermarkets.
- The job security affected the consumption pattern of the consumers as well as the products of hygiene category saw a huge increase in sales.
- There is a huge customer shift to online grocery shopping and it is said to continue even after the pandemic as the technology adoption has taken place.

### CONCLUSION

The FMCG market faced many issues like supply chain disruptions and huge shifts in products that were bought by the consumers. The fashion and textile 59 industry faced challenges and lost a huge number of consumers due to the pandemic. New brands emerged out for products like sanitizers, masks, hand wash, gloves etc. Many companies that started making masks and hygiene soaps etc. positively using the opportunity

that has arisen of the pandemic. The consumer behavior has definitely gone through changes and some of them are going to stay and some will go back to normal once the pandemic is controlled.

The most significant change is the shift of consumers from retail stores to the ecommerce sites. Consumers were forced to shop groceries through online shops due because of the fear of the transmission of the disease. It is said that certain buying behaviors will stay like the usage of hygiene products, these were products that were in niche category and its demand catapulted suddenly during the pandemic. It is also said that most of the retail stores will start providing door delivery of groceries as this behavior is most probably going to continue.

The local brands and producers should use this opportunity to make the consumers understand that their products are of good quality and try to increase their market share. The non-essential category of products should come up with new strategies as they are predicted to be not preferred by consumers till the pandemic is over. The kirana stores can make use of the opportunity by stocking essential products. Overall retail shops should have stock of products as consumers sort to panic buying and hoarding whenever lockdown is announced.

The pandemic is nowhere near over and the transportation facilities are resuming slowly but the disease is increasing which might lead to another lockdown in states individually or a national lockdown. The shops should also follow required hygiene practices both in case of retail stores as well as e-commerce platforms. This is important as lack of these practices can lead to losing customers. Hygiene is one of the main factors that have to be followed. The FMCG market should also provide quality goods at affordable

prices as people all over the world are going through economic crisis and losing out jobs. The buying power of the consumers are getting affected. The e-commerce sites can leverage this opportunity and retail stores can start their own online services. The FMCG sector should be ready to foresee the changes in the consumer behavior and cater to the changed needs of the consumers.

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