

Purchasing Behavior in A Pandemic Condition- An Analysis on COVID19 Impact

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ABSTRACT: The current coronavirus situation pandemic has kept the whole world on edge. Paranoia and tensions are running high as the entire planet is trying to fight off an invisible enemy. Yet, these are golden times for people who try to use this situation of uncertainty to peddle counterfeit goods which include masks, hand sanitizers, drugs etc. As majority of countries have gone into a state of lockdown, desperation to stock up on resources seem to fuel the sales of these fake products. This paper delves into the ongoing incidents of counterfeit marketing and explores the possible directions in which this market could expand. The paper uses statistical tools like One-Way ANOVA, Correlation and Crosstabulation to explore deep into the consumer behavior patterns of Navi Mumbai and Hyderabad of India where the consumers are supposedly knowledgeable and educated. The study was conducted between mid-January 2020 and the last week of March 2020

KEYWORDS: Counterfeit goods, Consumer behavior, Panic buying

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I. INTRODUCTION

According to OECD, the trade of counterfeit goods has uniformly grown in the past few years, accounting to 3.3% of the global trade. The customs seizure data shows that USD 509 billion worth of goods were confiscated in the year 2016. The imports of counterfeit products to European Union from Non-European Union countries amounted to 6.8% of the total trade which is a 5% increase from 2013. It is to be noted that the above data does not take into account the counterfeit products produced domestically or the products sold over the internet. Illegal trade not only decreases the revenue by governments and encroach upon Intellectual Property Rights but also poses health and safety risks to consumers. The latter viewpoint is discussed in this literature review with reference to the trends seen in the current coronavirus situation.



Source: <https://www.oecd.org/newsroom/trade-in-fake-goods-is-now-33-of-world-trade-and-rising.htm>⁽¹⁾

The above table shows the distribution of markets that are worst affected by the sales of fake products. In the wake of current coronavirus situation, the sales of fake medical goods like masks, hand sanitizers, testing kits etc. and drugs touted as possible cures to the disease are in full swing.

1.1. Fake news as a mode of advertisement

WHO and other such organizations have issued warnings and alerts in public interest against various 'cures' and 'preventive drugs'. Despite such warnings, pieces of fake and unreliable news are being circulated on social media claiming to have been issued by some of the world's most trusted sources. Such news articles prey on the confusion and fear among people and cause them to panic. As a result, we can see empty shelves in supermarkets and dispensaries. Majority of such news articles talk about different 'miracle drugs' that would cure the Covid-19 disease within a matter of few days. An example of this would be the Silver Sol Liquid marketed by televangelist Jim Bakker who promoted this product on his TV show as a cure for the disease⁽²⁾. He is currently being sued by the State of Missouri since his products are in violation of the Federal Food, Drug and Cosmetic Act.

Unreliable news also caused the death of an Arizona man who ingested with a fish-tank additive that has the same chemical composition as Chloroquine, an anti-malarial drug which is being regarded as a possible cure⁽³⁾. Products like these, no matter how fake and untested they might be, are seen as a ray of hope for people who have been tested positive or for people who wish to be safe. This, coupled with unavailability of scientifically approved drugs, leads people to make questionable decisions which can prove fatal.

1.2. High demand driving counterfeit peddling:

The WHO recommends the use of N-95 masks for protection against the possible entry of coronavirus into out nasal passage. However, distorted news reports and inaccurate reporting has conveyed to people that any mask in the market would protect oneself against the deadly virus. This has fueled panic buying among people and as a result, the market has seen a lot of counterfeit and sub-standard goods being sold.

According to the Interpol report, Operation Pangea XIII was conducted with police forces from over 90 countries participating in taking a collective action against illicit online trade of medicines and medical products. The operation has led to a seizure of goods worth USD 14 million and saw the arrests of 121 people worldwide.⁽⁴⁾ Unlike illicit trade in a country's domestic market, online trade is much more widespread and knows no borders. This has expanded the horizon for illegal trade and is relatively much more difficult to curb or control. The personal protection and hygiene market is heavily hit right now since there is a high demand for such products. This is a mode of fast cash for criminals who are cashing in effortlessly. The Interpol operation has so far found around 2000 links related to Covid-19. Surgical masks were the most widely sold items accounting to around 600 cases this week. Furthermore, the seizure of 34000 counterfeit and sub-standard masks and other products like corona spray, coronavirus packages etc. only goes on to show how deep and complex the market is.

II. LITERATURE SURVEY - CONSUMER BEHAVIOR DURING MAJOR PANDEMICS

The policymakers of any country could effectively work when the hidden effects of the epidemics on the consumer's propensity to buy are clear. That could provide significant directions to the government machinery to understand the underlying factors responsible for any noticeable changes or shifts in consumption patterns⁽⁵⁾.

2.1. Ebola Virus Disease (EVD) in West Africa

In 2014, when a deadly disease, Ebola Virus Disease (EVD) spread in West Africa, it resulted in the loss of many lives creating a huge influence on the economy of the country and adversely affected the agricultural sector which was the primary livelihood of majority of the population⁽⁶⁾. The government and many institutions of West Africa struggled to find a cure for the disease and overcome the epidemic to ensure safety to the people of the country. The food security of the country was badly affected as there was trade between many countries and the market chain was to be temporarily broken. The affected people lost their income and the overall price surges impacted the livelihoods of those who lived in rural segments. The local rice production saw a decrease to the tune of 4% to 12% and the traders dreaded the idea of collecting rice from the virus-infected areas of the country.

2.2. The Middle East Respiratory Syndrome (MERS) Outbreak in Korea in 2015

MERS outbreak began in 2015 in Korea when an individual who travelled to Middle East came back to South Korea and spread the infection back home⁽⁷⁾. With 36 people dead and 186 people with confirmed infection. The situation imposed a negative impact on the consumer expenditure who avoided travel and did not visit the public places to avoid the infection which affected the economy substantially. It was observed that the epidemic outbreak resulted in a solid disruption in conventional shopping channels increased the number of transactions on the e-commerce platforms. Consumers exploited different avenues to cut down the grocery shopping expenditure

2.3. Nielsen’s observation on the panic-buying behavior of the Indian consumers in Feb-March 2020

The global market research organization Nielsen revealed through its report on the Indian buying behavior during a panic situation like Corona-affected period that the demand for products like face masks, hand wash and hand sanitizers rose to a never-before level. That was due to the impending lockdown that the country was about to witness during March-April 2020⁽⁸⁾. In its survey where it had interacted with e-commerce retailers, physical retail stores and many shoppers across India, the research firm projected the influence of the pandemic on the FMCG sector. It also clarified that the online sale of products like wheat flour, pulses and cooking oils rose to a record high. The average weekly online orders for hand sanitizers soared to 1425% and that of face masks to 408% during 1st to 15th March, 2020. During the same period the demand for hand wash brands rose to 88% and that of floor cleaning solutions expanded to 77%. Nielsen termed this buying pattern as ‘pantry preparation and quarantined living stages’. This stage witnessed bulk purchase of staple foodstuff and the demand for the branded pulses rise to 72% during the period starting from February and mid-March.

III. RESEARCH DESIGN

- ✓ Research design: Descriptive
- ✓ Samples: people above 15 years who would know the repercussions of a pandemic
- ✓ Sample size: 60
- ✓ Sampling technique: Convenience sampling
- ✓ Data: Primary and secondary
- ✓ Data collection tool: Structured questionnaire with close-ended and open-ended questions

3.1.Objectives of the study

The study basically deals with 2 major objectives

1. To examine the level of awareness about the existence of counterfeit products in the healthcare category
2. To understand if the consumers ever check the genuineness of the healthcare brands in a panic buying situation

IV. DATA ANALYSIS AND INTERPRETATION

Table 1 - One Way ANOVA to analyze the association between gender and the awareness about the genuineness of the brands

Gender and the awareness about the genuineness of the brands								
	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
male	30	4.10	.712	.130	3.83	4.37	2	5
female	29	3.86	.833	.155	3.55	4.18	1	5
Total	59	3.98	.777	.101	3.78	4.19	1	5

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.835	1	.835	1.393	.243
Within Groups	34.148	57	.599		
Total	34.983	58			

H0: There is no association between the gender and the awareness about the genuineness of the brand

H1: There is association between the gender and the awareness about the genuineness of the brand

Table 1 displays that there was no significant association between gender and the awareness level of the genuineness of the brand. Irrespective of gender, consumers behaved alike when it came to panic buying during a pandemic situation.

Table 2 Crosstabulation between the age group and the level of awareness on precautions

		Awareness On Precautions			
Age group		Yes, very much	I know certain things	Not sure	Total
15 to 25	Count	13	4	0	17
	% within Awareness On Precautions	46.4%	20.0%	.0%	28.3%
26 to 35	Count	6	4	0	10
	% within Awareness On Precautions	21.4%	20.0%	.0%	16.7%
36 to 45	Count	4	6	4	14
	% within Awareness On Precautions	14.3%	30.0%	33.3%	23.3%
46 to 55	Count	5	4	6	15
	% within Awareness On Precautions	17.9%	20.0%	50.0%	25.0%
above 55	Count	0	2	2	4
	% within Awareness On Precautions	.0%	10.0%	16.7%	6.7%
Total	Count	28	20	12	60
	% within Awareness On Precautions	100.0%	100.0%	100.0%	100.0%

As table 2 shows, the age group 15 to 25 was quite aware about the precautions to be taken during a pandemic situation than the other age groups followed by 26 to 35

Table 3 Correlation between Age and the awareness about the existence of counterfeit products in the market

Correlations			
		Age	Awareness about the counterfeit Products
Age	Pearson Correlation	1	.370**
	Sig. (2-tailed)		.004
	N	60	60
Awareness about the counterfeit Products	Pearson Correlation	.370**	1
	Sig. (2-tailed)	.004	
	N	60	60

H0: There is no association between age and the awareness about the existence of counterfeit brands

H1: There is association between age and the awareness about the existence of counterfeit brands

As table 3 exhibits, irrespective of age, the consumers' level of awareness about the existence of counterfeit products was less.

Table 4 – Oneway ANOVA – association between age and the awareness level of the existence of counterfeit products in the market

Awareness About the Counterfeit Products								
	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
15 to 25	17	4.00	.612	.149	3.69	4.31	2	5
26 to 35	10	3.20	1.033	.327	2.46	3.94	2	4
36 to 45	14	4.50	.519	.139	4.20	4.80	4	5
46 to 55	15	4.27	.458	.118	4.01	4.52	4	5
above 55	4	5.00	.000	.000	5.00	5.00	5	5
Total	60	4.12	.783	.101	3.91	4.32	2	5

Awareness about the counterfeit Products					
	Sum of Squares	df	Mean Square	F	Sig.

Between Groups	14.150	4	3.537	8.830	.000
Within Groups	22.033	55	.401		
Total	36.183	59			

H0: There is no association between age and the awareness about the existence of counterfeit products

H1: There is association between age and the awareness about the existence of counterfeit products

Table 4 depicts a strong association between age and the awareness level of the existence of counterfeit products in the market. Samples above 55 years had a higher level of awareness and they

V. MAJOR FINDINGS SUMMARIZED

On the level of awareness about the genuineness of brands/ products and the existence of counterfeit products

When it came to a pandemic situation, both males and females behaved alike. The samples, irrespective of their background, did not check for the genuineness of the brands in the market. Genuineness of the brand was an often-overlooked aspect when a consumer very badly needed a product category. It was a corona-affected country when this study was conducted (between mid-January 2020 and the last week of March 2020) and the intention of the research was to examine whether the consumers, in their haste stock up things, ever looked into the basic detail of the products. In the study, the researcher could find that majority of the consumers did not bother to check if the brand was from a reliable banner. When the need was for a healthcare product like handwash and face mask, a consumer had to take immense care as counterfeit products could be hazardous too. During a pandemic condition, consumers easily get panicky to go for bulk purchases anticipating the worst. It was a literal lockdown period for 3 full week till 14-04-2020 announced by the central government machinery to arrest the spread of the deadly virus as social distancing was considered a preventive measure across the world to combat COVID19.

Many respondents said they anticipated such a lockdown as it was adopted and a proven method in the other affected countries to stop the spread of the disease. Though the government machinery assured the common public about the availability of all the essential commodities like milk, staples, vegetables, fruits and medicines during the proposed lockdown, the consumers could be seen in hundreds in supermarkets and the vegetable markets to buy and store as much as they could. The issue that concerned the health of the common public was the availability of many hand sanitizers and hand wash brands which cropped up suddenly in the market. Face masks were another category which could be witnessed in a variety of colours, shapes and in fancy names.

Though WHO had been repeatedly announcing that face masks were to be worn only by the corona-affected patients and those who take them, there was a surge in demand for the product which ultimately resulted in a shortage for those who actually needed them. A report by WHO⁽⁹⁾ stated that N95 respirators could keep out airborne infection but could add to the issue. When it comes to hand sanitizers, in the month of March, the police seized 25,000 units of counterfeit hand sanitizers near Hyderabad, India. It was later proved that the maker of the product had already sold 1,00,000 bottles worth Rs.1,44,00,000⁽¹⁰⁾. The respondents, in the interaction, expressed their ignorance about the raids done at different places in India, including the one conducted by the Maharashtra Food and Drug Administration department in Vakola, Mumbai, to bust the fake hand sanitizer and hand wash brands which cropped up from thin air to exploit the panic-buying behavior of the consumers

Conclusion: On going through various literature about how consumers across the world had behaved during the earlier pandemic situations, one could understand that the impact COVID19 had on people was more severe than the others. When a part of a globe was affected by Ebola virus and MERS, there were many other parts which barely knew about the magnitude of the suffering and impact. COVID19 completely shook the world to the core bringing to light that the so-called developed economies were also affected to the same extent as the less developed ones. The flourishing countries like America, Italy, Germany and many others, could not control their citizens from coming out to streets during lockdown which threw substantial light on the fact that the consumers across the globe were similar in panic-buying patterns irrespective of whether they belonged to an elite, coveted economy or to a country which could hardly take care of the interest of its subjects. The study also revealed that Mumbai, the so-called financial center and the economic powerhouse of the country, ranked 12th by the report of New World Wealth in 2018, also proved to be no different with its consumers adopting panic buying patterns during an epidemic emergency.

Future direction: The study could still be extended to analyze the purchasing behavior of the urban consumer with respect to essential commodities like staples and cooking oil. It could also be a comparative study of the

consumer behavior of pure urbanites vs people hailing from semi urban areas to understand the similarities and disparities between their shopping behaviors.

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