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SHIFT IN CUSTOMERS PREFERENCES - ONLINE RETAIL STORES DURING COVID PANDEMIC PERIOD

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Abstract

The shopping traits of individuals have completely changed and no old marketing theories hold good at current situation. Social distancing, continuous cum long period lock-downs, restriction in movement of people from one place to another and the fear of easy infection of virus could be quoted as primary reasons for the shift in the consumers focus towards online shops/ retail web portals. This shift has greatly affected the 13.80 million traditional /physical unorganised retailers and over 10 per cent of this value organised food and grocery retailers across the country. This study titled “Shift in Customers Preferences -Online Retail Stores During Covid Pandemic Period” has assessed movement of the consumers towards online retail food and groceries stores. This ethnographic study is conducted among the online shoppers hailing in TamilNadu, state. Online questionnaire was distributed among 250 respondents on a random base and only 204 questionnaires were collected on set time period. The article inferred that 71 per cent of the samples are frequency online shoppers and rests of the 29 per cent as the fresh/first-time online shoppers. In par with the discussion made by the marketing experts and economist, data presented above also gives a clear indication that Tamilians preferred to shop online during pandemic primarily to avoid crowd i.e., not to get infected by virus and to maintain distance from mingling with the crowd. To save time, better price deals and variety of the product range are also mentioned as other reason by a small group of population. The article analysis reveals that during the Covid lock down period large number of consumers have shifted their purchase preferences from traditional physical retail stores to modern-day online retail portals.

Key Words: Online Shoppers, Online Shopping, Covid Lock-Down, Shift in Consumers Shopping Traits

Introduction

In marketing there is general psychology that says change is constant and all other things keep changing with the phase of time. It is true to a maximum extent. Until the break-down of COVID 19 Pandemic in India in 2020, most of the middle and low income class people prefer to buy their day-to-day needs of FMCGs (Fast Moving Consumer Goods) from the real by Kirana store or Maligai Kadai or in nearby departmental store or hyper or super market. Age old practiced culture of buying goods have changed during this Covid period. Social distancing, continuous cum long period lock-downs, restriction in movement of people from one place to another and the fear of easy infection of virus could be quoted as primary reasons for the shift in the consumers focus towards online shops/ retail web portals. Online grocery retailers like: Big Basket, Grofer, Amazon and local stores too actively involved in supply of food, groceries, meat, fruits and vegetables to the buyers' door step. This shift has greatly affected the 13.80 million traditional /physical unorganised retailers and over 10 per cent of this value organised food and grocery retailers across the country. Almost 64 per cent of the shoppers are first to specific e-retail foods and grocery stores and 30 per cent of this population are fresh shoppers.

Factors Support in its Growth during Pandemic Period

In a market environment consumers' psychology and their attitude towards their purchase decisions are influenced by number of factors like essentially need for the product, its price, near substitutes available in the market, competitors product and its price, product promotions etc. These rewritten definition of marketing practices and on consumers behaviour have completely changed with the out-break of Covid 19 pandemic. The shopping traits of individuals have completely changed and no old marketing theories hold good at current situation. As stated above social-distancing, lock-down for a undefined time period, poor access to physical store and convenience of shopping from home could be reasoned for these changing consumers behaviour and modified marketing practices adopted by the manufacturers and the marketers. Published data of various agencies provides clear evidences that online shopping of all essential and new essential commodities have raised upto 80 per cent in the pandemic period in the year 2020. Food and groceries online market alone counts to US \$ 2.66 billion during covid 19 period. Convenience, hygienic and safety are treated as priority of both sales and purchase during this period. Most of the purchases are conducted by the 34 per cent of the urban population living in all three tiers of the cities. Tamil Nadu being an urban state in India, both rural and urban consumers have shown more interest in purchase through online during this pandemic regions.

Significance of the Study

Total net worth the India retail sector stood at US\$ 883 billion in 2020, of this US\$ 608 billion is the share of food and groceries segment. Though total retail business in India experienced a dip of 19 per cent due to the out-break of pandemic, 93 per cent of early pandemic sales have been regained in the year 2021, especially in the FMCG segments. E-commerce in retailing segment is found to be stable as the consumer search for low priced products or prefer to win a police deal (offers/discounts) in every purchase they make.

Focus on Researchable Issues

Online Tamil shopper during pandemic period gave more importance to the price and availability of online products, rather considering the brand as their priority as the pandemic have changed the way of life and life-styles of many individuals, especially over the past 18 month. With the little money, how much would we procure have become the primary concern of the common man. Due to shrinkage in the disposable income and employment opportunities the purchases /spending on essentials have also changed. Common man search for better price deals, offers and convenience on shopping with the little spending capacities, so they tend to search all kind of options available in the non-traditional stores i.e., online stores. The consumers' sentiments register a feel of uncertainty, distrust and fear for the future good life or financial well-being. These issues gave a wider scope for conduct of this study.

Objective and Hypothesis

This study titled "Shift in Customers Preferences -Online Retail Stores During Covid Pandemic Period" has assessed movement of the consumers towards online retail food and groceries stores. The hypothesis framed in this article measure the influences and association between the variables :online purchase (first or regular) vs. frequency of online purchases before lockdown and after lockdown, reasons stated for preferring online shopping during lockdown and preferred mode of payment for online purchase.

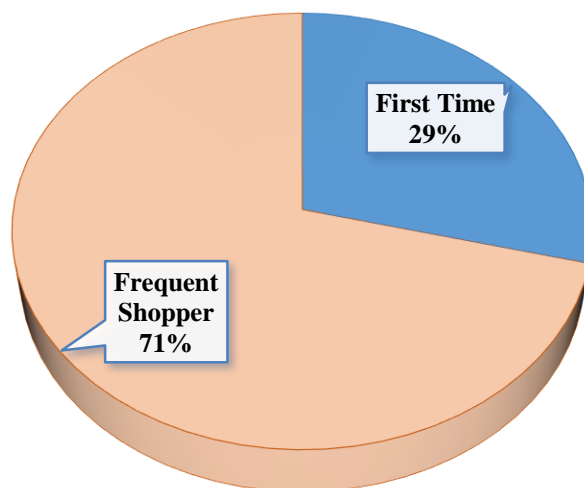
Materials and Methods

This ethnographic study is conducted among the online shoppers hailing in Tamil Nadu, state. Online questionnaire was distributed among 250 respondents on a random base and only 204 questionnaires were collected on set time period. So those responses were taken for further data analysis and for inference drawing.

Results and Findings

Two hundred and four randomly selected shoppers online purchase behaviour is described in detail in this part of the study. Out of 204, respondents' analysed for analysis 59.31 are men shoppers and rests of the 40.69 per cent are women shoppers. Almost 94.61 per cent of the samples were aged either less than 20 years (41.67 per cent) or 21 to 30 years (52.94 per cent), i.e., young and Gen Y consumers. Majority of these young consumers i.e., 77.75 per cent are found to be under graduate (enough educated) and 83.33 per cent of the sample populations are freshly employed in various IT (Information Technology), Engineering and other private sector organisation, drawing salary of Rs.15000-Rs.30000 per month (80.39 per cent).

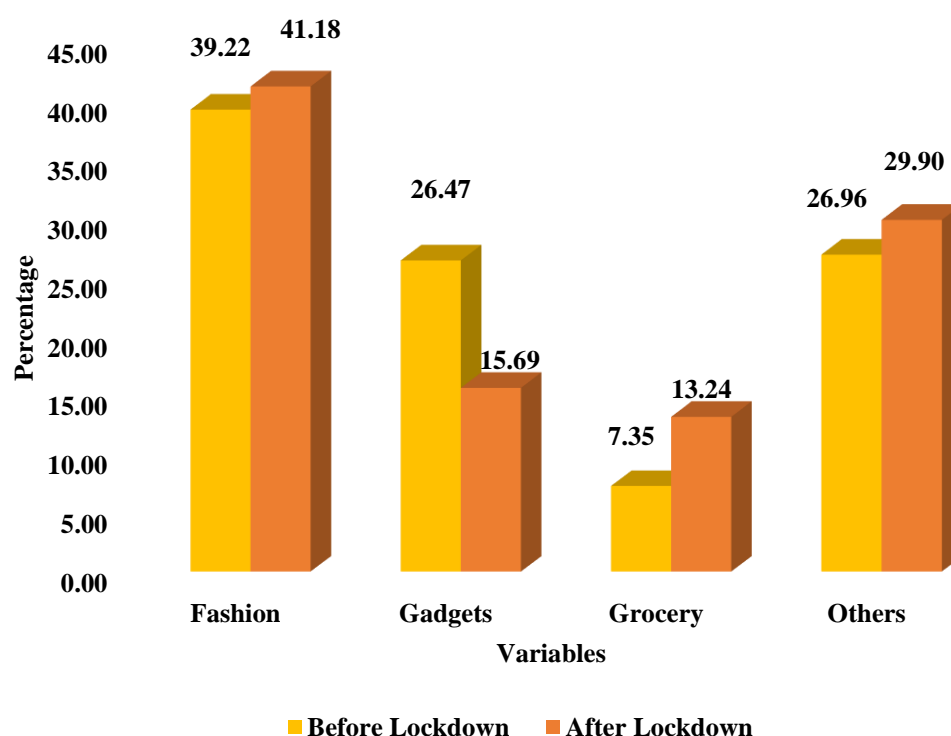
EXHIBIT: 1
DIVISION BETWEEN FIRST
AND REGULAR ONLINE PURCHASE



Source: Primary Data

Data discussion provided a quick classification of the samples that stated 71 per cent of the respondents as frequency online shoppers and rests of the 29 per cent as the fresh/first-time online shoppers. Since per capital spending capacity of the Indian middle income families are very much limited or say less. Online retailers are targeting these consumers segments with the price sensitive sales promotion strategies and tactics. These consumers segment is huge and they spend frequently on purchase of FMCGs, so they are considered to the potential market for both domestic and international online food and groceries retailers.

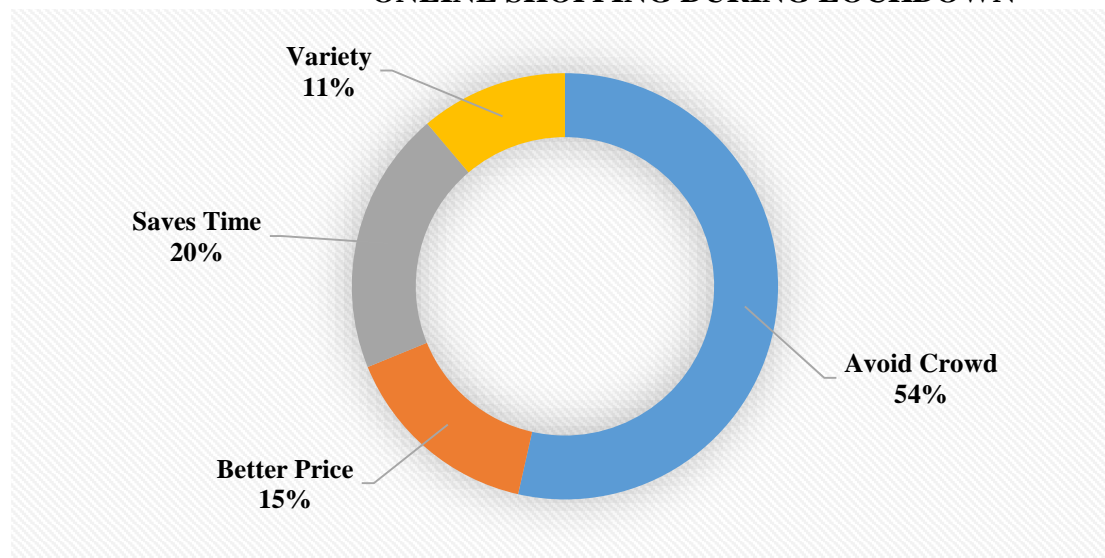
EXHIBIT: 2
FREQUENCY OF ONLINE PURCHASES
BEFORE AND AFTER LOCKDOWN



Source: Primary Data

Data discussion reveals online shopping is conducted for purchase of food and groceries that has nearly doubled during this period i.e., as per the data it rose from 7.32 per cent before the out-break of Covid 19 to 13.24 per cent after the out-break of Covid. Purchase of necessary clothing and other new essential products needed for personal hygiene, wellness and pharmacy items were the other items sourced more through online store by the consumers during pandemic period compared to normal day shopping.

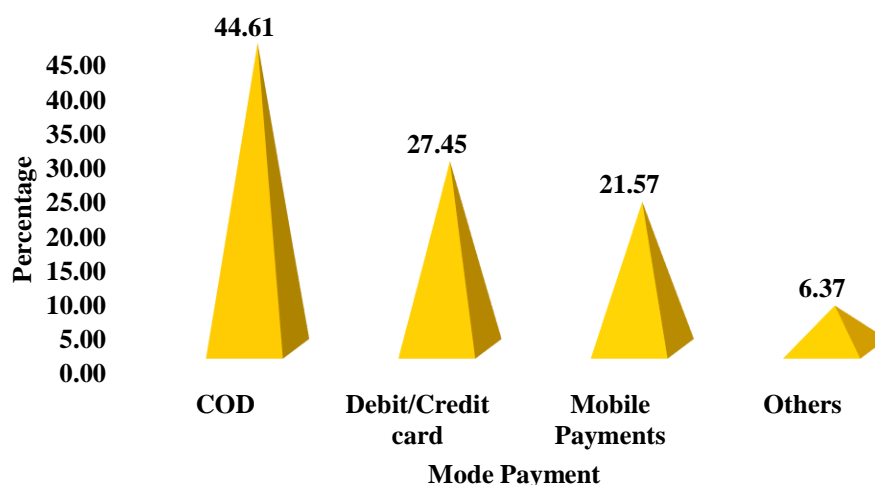
EXHIBIT: 3
REASONS STATED FOR PREFERRED
ONLINE SHOPPING DURING LOCKDOWN



Source: Primary Data

In par with the discussion made by the marketing experts and economist, data presented above also gives a clear indication that Tamilians preferred to shop online during pandemic primarily to avoid crowd i.e., not to get infected by virus and to maintain distance from mingling with the crowd. To save time, better price deals and variety of the product range are also mentioned as other reason by a small group of population. Again the data interpretation clearly convey the message that the consumers focused less on the brands, than choosing needed products available on online stores.

EXHIBIT: 4
PREFERRED MODE OF PAYMENT



Source: Primary Data

Online shoppers' attitude towards payments mode preferences is described in the above Exhibit. Even during the Covid period shoppers preferred to pay cash i.e., cash-on-delivery mode compared to usage of either digital or plastic money payment modes i.e., 44.61 per cent. Payment through debit card and mobile payments accounts for 49.02 per cent and other mode of payments like usage of coupons, cash-back offers etc., rated for 6.37 per cent.

TABLE: 1
MEASURE OF PEARSON'S CORRELATION CO-EFFICIENT

Variables	Online Purchase (First or Regular)	Frequency of Online Purchases Before Lockdown	Frequency of Online Purchases After Lockdown	Reasons Stated for Preferring Online Shopping During Lockdown	Preferred Mode of Payment
Online Purchase (First or Regular)	1	-	-	-	-
Frequency of Online Purchases Before Lockdown	.788	1	-	-	-
Frequency of Online Purchases After Lockdown	.711	.711	1	-	-
Reasons Stated for Preferring Online Shopping During Lockdown	.665	.830	.825	1	-
Preferred Mode of Payment	.656	.778	.829	.926	1

Level of Significance: 5 per cent

All the four parameters tested have established positive and very significant correlation with the type of online shoppers' category (first time or frequent purchaser).

TABLE: 2
RESULTS OF PAIRED "Z" TEST

Variables	Actual Score		Mean /SD Differences		Z	DF	Sig
	Mean	SD	Mean	SD			
Online Purchase (First or Regular) vs. Frequency of Online Purchases Before Lockdown	0.780	0.415	0.695	0.262	26.562	199	.000
Online Purchase (First or Regular) Vs. Frequency of Online Purchases After Lockdown	0.900	0.827	0.780	0.415	15.396	199	.000
Online Purchase (First or Regular) Vs. Reasons Stated for Preferring Online Shopping During Lockdown	1.065	0.577	0.815	.0469	26.122	199	.000
Online Purchase (First or Regular) Vs. Preferred Mode of Payment	0.190	0.779	0.325	0.694	3.449	199	.001

Level of Significance: 5 per cent

The results of Paired "Z" test score established significant shift in the online purchase before and after the Covid lock-down period. The hypothesis test score established that that there exists positive correlation between the online purchase (first or regular) vs. frequency of online purchases before lockdown and after lockdown, reasons stated for preferring online shopping during lockdown and preferred mode of payment for online purchase.

Suggestions and Conclusion

The article analysis reveals that during the Covid lock down period large number of consumers have shifted their purchase preferences from traditional physical retail stores to modern-day online retail portals. Indian online retailers is predicted to cover nearly 300 million to 350 million shoppers in near future i.e., by 2026 with the merchandise volume of US \$ 100 to US \$ 120 billion. The upright growth of this retail sector is mostly influenced by the first time shoppers. This game changers are considered as primary buying segment and marketers are planning to retain i.e., withhold these buyer segment and turn them into regular, frequent and loyal buyers of not branded products, but loyal to specific online retailer. By means of adopting effective SCM practices (Supply Chain Management (Dealers Distribution and Logistics management)) the online retailers can skim the prevailing business opportunities even in the small villages and hamlets. Online Like the traditional retailers the online retailers have to understand the

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