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A Study on Consumer Spending during the Post Covid-19 period in Chennai City

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Abstract:

The COVID-19 pandemic has affected consumer buying patterns all over the world and upset the global economy. The epidemic has had a substantial impact on consumer purchasing patterns in Chennai, India. This study intends to look into the variables affecting consumer purchasing patterns in Chennai following COVID-19. The research technique includes the collecting of primary data through a structured questionnaire, and the acquired data were analysed using descriptive and inferential statistics. The pandemic has caused shifts in consumer behaviour, with people prioritising spending on vital goods and decreasing expenditure on non-essential items. Additionally, elements like income level, age, and occupation have a big impact on how much people spend.

Key Words: COVID-19, Spending, Consumer Behaviour

INTRODUCTION:

Chennai, being one of the major metropolitan cities in India, has also faced the impact of the pandemic on its economy and consumer behaviour. In this study, we will focus on analysing the consumer spending patterns in Chennai post-COVID-19. We will examine the factors that have influenced the changes in consumer behaviour, the sectors that have been most affected, and the implications of the pandemic on the economy of the city. We will also explore the measures that can be taken to revive the economy and boost consumer spending.

- The study aims to provide insights into the changing consumer behaviour in Chennai and its impact on the economy. The findings of this study can be useful for policymakers, businesses, and consumers in formulating effective strategies to overcome the challenges posed by the pandemic and to promote economic recovery in the city.
- The COVID-19 pandemic has caused a significant shift in the way consumers perceive and prioritize their needs and wants. As a result, consumer behaviour has been greatly

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impacted by the pandemic, leading to changes in spending patterns, purchasing decisions, and brand loyalty.

- Chennai, like many other cities across the world, has witnessed the closure of many businesses, job losses, and a decrease in disposable income due to the pandemic. The impact of these changes on consumer spending in Chennai has been significant, with some industries experiencing a decline while others have seen an increase in demand.

Objectives:

- To analyse the changes in spending pattern in general & on defined avenues, Pre-& Post Covid 19 Impact in India.
- To study the respondents' expectations about continuity of Spending patterns.
- To suggest various financial planning strategies to Indian individual, in post pandemic era.

Need for Study:

The COVID-19 pandemic has created significant disruption to the economy of Chennai, resulting in changes in consumer spending patterns and behaviour. This study can help businesses and policymakers understand the impact of the pandemic on consumer behaviour and spending patterns and develop effective strategies to promote economic recovery. The pandemic has created a level of unpredictability and uncertainty for businesses and policymakers, making it challenging to develop effective strategies to promote economic recovery. The study can help businesses and policymakers understand the factors that have influenced changes in consumer behaviour and spending patterns post-COVID-19, including the role of personal and situational factors, the impact of the pandemic on consumer finances and behaviour, and the availability of financial resources and support. The study can help businesses and policymakers identify industries and sectors that have seen changes in consumer demand and develop effective strategies to respond to these changes. This may include identifying new opportunities for growth and innovation, as well as adapting to changing consumer needs and wants.

HYPOTHESES:

1. **H₀ Null Hypothesis:** There exists an association between the Income of the Respondent and their consideration towards spending on insurance policies in Post covid-19.
2. **H₀ Null Hypothesis:** There is no significant difference between money spent on food (essential goods) and money spent on restaurants (comfort goods).
3. **H₀ Null Hypothesis:** There is no significant difference between geographic location of the Individual and rise in general price level of goods and services in post covid - 19.
4. **H₀ Null Hypothesis:** There is no relation between the geographic Location and their change in spending behaviour, compared to pre Covid 19.

STATEMENT OF PROBLEM:

The COVID-19 pandemic has had a significant impact on the economy of Chennai, resulting in changes in household spending patterns and behaviours. With households facing financial uncertainty and job losses, they may have to prioritize their spending differently, leading to changes in their consumption patterns. The problem is that the pandemic has created

a level of unpredictability and uncertainty for households, making it challenging for them to manage their finances effectively. Therefore, the purpose of this study is to analyse the impact of the pandemic on household spending patterns in Chennai and to provide recommendations for households on how to manage their finances effectively in the post-COVID-19 era. Specifically, the study seeks to answer the following research questions:

What are the factors that have influenced changes in household spending patterns in Chennai post-COVID-19?

What measures can households take to manage their finances effectively and promote financial resilience in the post-COVID-19 era?

RESEARCH METHODOLOGY:

- A total of 119 people participated in the survey, which was designed to examine their Spending Pattern post covid-19

For the research both the primary and secondary data was used.

- **Primary Data:** To conduct the research by constructing the structured questionnaire and distributed to the selected investors through the Google Docs. Sample size of the 119 respondents was used with convenient sampling technique. For the data analysis we used ANOVA, correlation and Chi-Square Test to provide the best results out of it.
- **Secondary Data:** The secondary data was collected from the internet and from survey-related details conducted by various companies. This secondary data will provide additional context to the findings of the study and help to support the conclusions.

REVIEW OF LITERATURE:

1. Baker et al. (2020) found an inverse relationship between social distancing and level of spending, pandemics and epidemics do have an impact on consumption patterns, and thus, consumer behaviours.
2. Chen et al. (2020) analyses the impact of the COVID-19 pandemic on consumption in China. The study was conducted using daily transaction data of 214 cities. The study reveals that daily offline consumption in China fell by 32% during the 12-week period i.e., Late January to early April 2020. Spending on goods and services was reported to have decreased by 33% and 34%, respectively. The hardest hit was dining out and entertainment and travel that saw a dip of 64% and 59%, respectively. Wuhan, where COVID-19 originated, saw the largest dip in consumption that was to the tune of 70%. The study concludes that consumption responded negatively to the day-to-day changes in epidemic severity, which caused the offline consumption in China to see a dip of 1.2% of China's GDP in 2019.
3. Surico et al. (2020) analyse the consumption pattern based on transaction data in the UK. The study finds that consumers stockpiled essential goods like groceries in the initial phases of lockdown. Further, the start of the lockdown measures saw a significant 15% increase in cash holding, which continued till April and was 20% at the end of April. The study finds that large expenditure changes were seen in services; retail expenses such as clothing, shoes, apparel, toys and book purchases fell after the first week of March. Travel expenses were a hard hit, and recreation expenses also declined throughout March and continued till April.

ANALYSIS AND INTERPRETATION:

Monthly Income and Respondents Consideration towards spending on insurance policies in Post covid-19.

Table 1

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.698 ^a	4	.320
Likelihood Ratio	4.549	4	.337
Linear-by-Linear Association	.044	1	.835
N of Valid Cases	119		

a. 3 cells (30.0%) have expected count less than 5. The minimum expected count is 2.62.

Inference:

From the above table 1, The significant value is more than 0.05 hence Null hypothesis is accepted so There is no significant association between Monthly Income and Respondents Consideration towards spending on insurance policies in Post covid-19.

Money Spent on Food (Essential) and Money spent on Restaurant(Comfort)

Table 2

Correlations

		Do you think there is a change in your spending pattern on following essential goods and services in post covid 19. [food]	Do you think there is a change in your spending pattern on following Comfort goods and services in post covid 19. [Restaurants]
Do you think there is a change in your spending pattern on following essential goods and services in post covid 19. [food]	Pearson Correlation	1	.128
	Sig. (2-tailed)		.164
	N	119	119
Do you think there is a change in your spending pattern on following Comfort goods and services in post covid 19. [Restaurants]	Pearson Correlation	.128	1
	Sig. (2-tailed)	.164	
	N	119	119

Inference:

From the above table 2 The Significant value is more than 0.05, hence there is no relationship between Money Spent on Food (Essential) and Money spent on Restaurant (Comfort) so Null Hypothesis is accepted the Relationship is Moderately Correlated.

Geographic Location of Respondents and rise in general price level of goods and services

Table 3

ANOVA

Do you think there is a rise in general price level of goods and services in post covid, when

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.455	2	1.727	3.063	.051
Within Groups	65.419	116	.564		
Total	68.874	118			

Inference:

From the above table 3, The significant value is more than 0.05 hence there is no difference in Geographic Location of Respondents and rise in general price level of goods and services so Null Hypothesis is accepted.

Geographic area and change in spending behaviour of respondents

Table 4

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.534 ^a	2	.464
Likelihood Ratio	1.251	2	.535
Linear-by-Linear Association	.596	1	.440
N of Valid Cases	119		

a. 2 cells (33.3%) have expected count less than 5. The minimum expected count is .82.

Inference:

From the above table 4, The significant Value is more than 0.05 hence there is no association between Geographic area and change in spending behaviour of respondents so Null Hypothesis is accepted.

LIMITATIONS OF STUDY:

- Sample bias: The study may face limitations in terms of sample bias, as the sample of consumers may not be fully representative of the population of Chennai. This may limit the generalizability of the findings.
- Self-reported data: The study may rely on self-reported data from consumers, which may be subject to biases and errors. Consumers may not accurately recall their past spending patterns or may not be completely honest about their current spending behaviour, which may impact the accuracy of the findings.
- Impact of external factors: The study may not be able to fully capture the impact of external factors such as changes in government policies or shifts in the global economy, which may impact consumer behaviour and spending patterns.

SUGGESTION:

- Establish a budget: Create a budget that considers your income, expenses, and financial objectives. This will enable you to successfully manage your finances and prevent overspending.
- Create an emergency fund by saving money for unforeseen costs like medical bills, lost jobs, or home repairs. Your emergency fund should ideally be enough to pay for your living expenditures for three to six months or more.
- Pay off high-interest debt: To prevent accruing further interest fees, you should think about paying off any high-interest debt you may have, including credit card debt.
- Invest in a diversified portfolio: To reduce risk and increase returns, place your money in a diverse portfolio of stocks, bonds, and other assets.
- Examine your insurance policies, such as health, life, and house insurance, to ensure that you have appropriate coverage and are not paying for needless coverage.

CONCLUSION:

In conclusion, managing personal finances is crucial, especially in times of uncertainty like the COVID-19 pandemic. Establishing a budget, creating an emergency fund, paying off high-interest debt, investing in a diversified portfolio, and examining insurance policies are some of the essential financial strategies that individuals can employ to secure their financial future. Additionally, utilizing tax-saving investments, reassessing financial objectives, and seeking professional financial guidance can further strengthen an individual's financial plan. By following these measures, individuals can manage their finances more effectively, increase their financial security, and build a better financial future for themselves and their families.

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