



INTERNATIONAL JOURNAL OF ADVANCE RESEARCH, IDEAS AND INNOVATIONS IN TECHNOLOGY

ISSN: 2454-132X

Impact Factor: 6.078

(Volume 7, Issue 4 - V7I4-1350)

Available online at: <https://www.ijariit.com>

Effect of COVID-19 on consumer behavior in the corporate sector

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ABSTRACT

The coronavirus pandemic has made the longest lockdown ever in the world in history. This pandemic has affected all the human health, food chains, international businesses, companies, global economy as well as it impacts on the behaviour of the consumers. As all the offline stores were closed during the lockdown, a large number of consumers are using online stores to fulfil their needs. In that pandemic situation, purchasing of most products from online stores increased about 6-10% in all over the world. Therefore, the pandemic has increased the use of digital platforms and consumer behaviour has a large impact of covid19. Consumer behaviour helps the marketers to gain knowledge about the expectations of the customers and it makes successful business as the organization provides products according to the customers' needs. Therefore, consumer behaviour led to an impact of making successful business.

Keywords: consumer behaviour, corporate houses, customer, economic crisis, consumption, buying behaviour, covid 19, brands, online stores

1. INTRODUCTION

During the lockdown period, all the large companies, large stores, businesses as well as all the small stores and companies were closed. It impacted all the food supply chains in the world and all the international supply chains. Thus, purchasing of needy products is important and a large number of customers started to use online stores to purchase their needs. Therefore, some online stores have gained more customers and become larger than previous ones such as **Infosys**, **Hindustan Unilever**, **Bharti Airtel**. This online store has gained a large number of customers internationally and enhances their productivity to fulfil customer needs.

Covid19 has impacted all humans as well as the international economy was affected by this pandemic. There was a negative impact of covid19 pandemic on the offline supermarkets, stores, industries, companies and businesses as all this was closed due to lockdown. On the other hand, there was a positive impact also on online supermarkets and stores. All the online stores and websites have gained more customers in several countries. As the rate of customers was increasing, supplying several products to the customers successfully became a challenge for the stores. Therefore, all the online organizations enhance their productivity as the customers from several countries were ordering their products of several brands. The financial growth of some online stores was remarkable. **Infosys**, utilizes international business chains all over the world, served nearly **INR 263 billion** customers worldwide and made a remarkable net income of about **INR 47 billion** and faced an increase in sales about **9%** during Covid19 pandemic (Infosys, 2020). Therefore, **Hindustan Unilever** is an online store in India, serving their products in several locations in India (Hindustan Unilever Limited, 2020).

The percentage of delivery was more than **75%** and they launched the next day delivery system in the US in the year 2020 and net sales increased about **INR 519 billion** during the covid19 pandemic. This online store has served **265 million** customers in 27 several countries in the year 2020. Therefore, **Bharti Airtel** also holds global supply chains worldwide and net sales of this company has increased **38%** nearly **INR 386.1 billion** at the end of the year 2020 (Bharti Airtel, 2020). Moreover, the online organization **Bharti Airtel** has served more than **1.5 million** customers worldwide. Therefore, the online stores had to increase their productivity, these online stores started to provide more varieties of brands and products for customer satisfaction. Therefore, the online stores had to increase their employment to serve more customers. The growth of employment of **Infosys** was nearly **63%** in the year 2020. In company, full time employees were nearly **149000** in 2019 and after development in employment the number of employees was nearly **156000** in 2020. While Covid19 pandemic has affected the labour market badly, here the online organization led to an impact on development of the employment or labour market.

2. AIM AND OBJECTIVE

The aim of the research project is to gain an understanding about changes that takes places in behaviour of consumer due to strict lockdown during COVID 19 pandemic

The objective of the research project is

- To gain an overview about the effect of COVID 19 on creating change in consumer behaviour
- To analyse the benefits that organization possess due to change within consumer behaviour
- To recommend a proper strategy as it will support in enhancement of understanding about changes within consumer behaviour

3. RESEARCH QUESTIONS

The research questions of this study are,

- What are the effects of Covid19 on creating change in consumer behaviour?
- What are the benefits for organizations of changing consumer behaviour?
- What is the proper strategy to understand about changes of consumer behaviour?

4. LITERATURE REVIEW

Consumer Behaviour and its impact in business success

Consumer behaviour is an activity of the purchasing decision making process of the customer that is buying the goods for their personal needs. On the other hand, consumer behaviour is the process to choose the right product or brands for themselves among several brands and products. There are mainly four types of consumer behaviour such as *Dissonance reducing buying behaviour*, *Variety seeking behaviour*, *Complex buying behaviour* and *Habitual buying behaviour* (Schneider *et al.* 2019). Dissonance reducing the buying behaviour process is to choose the right product among all the brands when the customer becomes worried about regretting their choice. Therefore, Variety seeking behaviour, in this process the customer tries several brands and products to choose the right one for them. In the Complex buying behaviour process the customer researches about the product which the customer will buy while purchasing an expensive product. Habitual buying behaviour is that the customers are habited to buy their preferred type product but they don't buy products after researching brands. This consumer behaviour process is important for the customer as well as it is important for the marketers or shoppers. By using this process the customer can select the right product for them as well as the marketers can understand the assumption of the customers. The marketers can utilize the products according to customers' assumptions (Zolkepli, 2020). As the customers are satisfied after getting their preferred product or brands, the businesses become successful for the marketer. Thus, consumer behaviour led to a large impact on marketing and business and it helps to succeed in a business.

COVID-19 impact on business management process

BPM or Business Process Management is a system of an organization that is used for analysing the improvement areas to make the organization more effective and efficient. There are five steps to complete the business process management. Step one is *design* and step two is *model*, step three is *execution*, step four is *monitor* and the fifth step is *optimization* (López-Pintado *et al.* 2017). Usually, the business management process is based on one company's cash flow and net income of any year and the productivity. In step one, the company discusses the outcomes of the company and the goal that the company had decided to understand the improvements. Therefore, in the second step, the company makes a model by identifying the improvements to support the goals of the company. In step three, the company executes the errors of the business process to keep them down. Therefore, in the fourth step, the company monitored the macro and micro indicators in the entire business process. The last and final step is optimization of the improvements to develop the efficiency of the business processes. Therefore, business process management is an important process for any company or organization that helps to enhance the improvements of that organization.

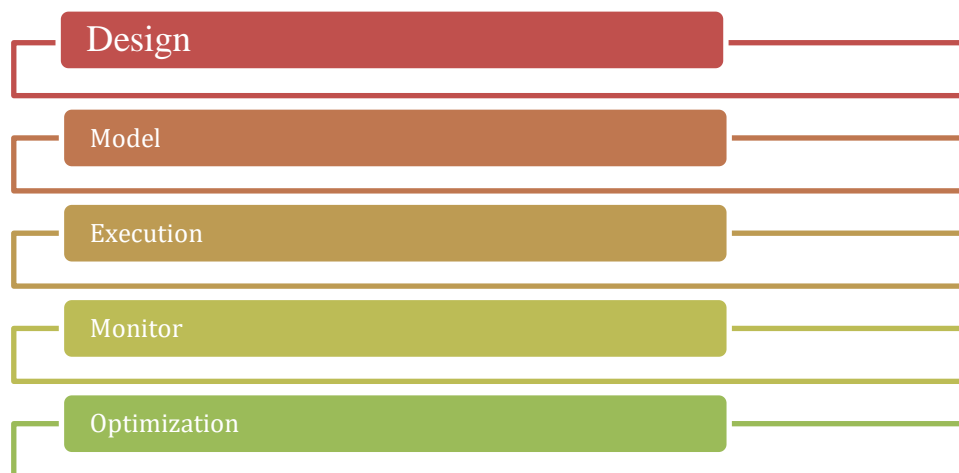


Figure 1: Business Process Management

(Source: Self-developed)

Covid impact on consumer purchasing process

Consumer purchasing process is a system of decision-making process of the customer. The customer needs to access some steps to purchase a product and that is the consumer purchasing process. There are five steps in the consumer purchasing process and the stages need to be accessed step by step. The stages are *recognition of the problem*, *collecting some information*, *accessing the solutions*, *purchasing the product and post purchase analysis* (Stankevich, 2017). This process is very important for the customers

as well as for the marketers or shopkeepers. Purchasing process helps the customer to choose the right product for them and it also helps the marketers to understand the expectations of the customers. Therefore, it also makes it easier for the marketers to understand the needs of the customers that make the customer to buy any product. In the first stage of the consumer purchasing process the customer needs to recognize the needs and essentiality of the customers to buy any product. This will help the customers to select the right product for the customer (López-Pintado *et al.* 2017). Therefore, in the second stage of the consumer purchasing process the customer needs to collect more information about the product that the customer is going to buy. This step will clear all the doubts of the customer about the product and it makes the customer more comfortable to buy any product. Then, in the third stage the customer accesses the solutions if there are any problems with the product. The customer either utilizes any solution for the product or changes the brand or product. After all these processes finally, the customer reached the stage to purchase the product. Finally, the customer makes the decision of purchasing the right product for themselves. Therefore, there is a stage of reviewing; in this stage the customer tells the experience about the purchasing. In this step, the customer expresses the good side or the bad sides of the product that the customers have purchased (Dunska *et al.* 2018). Covid19 has impacted the consumer purchasing process as the customers became more concentrative about their purchasing.

Theoretical underpinnings

Consumer behaviour theory is important for the whole process of business. There are five main factors that evaluate the consumer behaviour theory. The factors are **difficulty, culture, self-interest, demographics and perceptions** and among these five major factors self-interest is one of the main factors (Benda-Prokeinová, 2017). There are some advantages of this consumer behaviour theory. This theory helps to understand the expectations and needs of the customers and this system makes it easier to know what makes the customer purchase a product. As well as this theory also helps the customers to select the right product for themselves. Therefore, the consumer behaviour theory is very important for the consumer purchasing process and business decision making process.

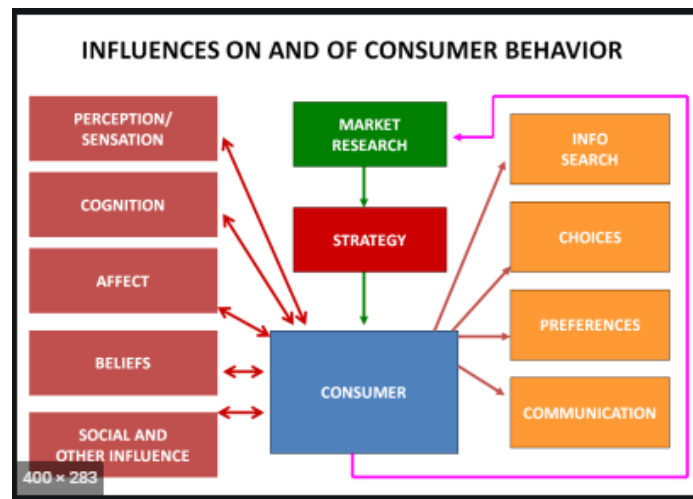


Figure 2: Consumer Behaviour
Source: (Benda-Prokeinová, 2017)

4.1 Literature gap

Covid19 pandemic led to a large impact on consumer behaviour and this is important for international business. Thus, in the previous literature review consumer behaviour and Covid19 impact on corporate sector was not analyzed. In this literature review, all those important topics are described properly such as consumer behaviour, benefits of changing consumer behaviour for the corporate sectors and proper strategy of consumer behaviour.

5. METHODOLOGY

Positivism is a theory that supports gaining original knowledge and it helps to analyze the process of consumer behaviour. Research design is a strategy to analyze the outcomes of research which defines the research paradigm (Marsonet, 2019). The design is based on scientific research, especially here reading and understanding the findings which others have already done.

Secondary data collection is the process of collecting data by another person. In this process the user does not collect the data; the user just uses the secondary data in their study. There are some sources or methods to collect secondary data such as **open access sources, internal sources, syndicated sources and published sources** (Johhson, 2018). Apart from that, books, newspapers, magazines, websites, journals are also some secondary data collection methods. Secondary data collection helps to save money; the user does not need to afford money to collect the same data about something. Therefore, it also saves the user's time that the user does not spend more time to find the data.

6. FINDING AND ANALYSIS

6.1 Secondary data study

This section is focused on analysing the data collected from annual reports from selected companies. It helps in comparing three different aspects related to the business activities of retail units prevalent in the Indian industry. In this regard, annual reports of 2019 and 2020 are explored by the researcher to gather data regarding financial performances by selected retail units. It is identified that all the three selected companies have experienced an increase in sales generation due to change in consumers' purchase behaviour towards digital marketing. It is evident that consumers purchase behaviour controls the net sales generation and profit gain by retail business units. Hence, three distinct parameters such as **net product sales, operating income** and **total assets** have

been adopted by the researcher to compare respective values in two successive years. Suitable data have been collected from annual reports of chosen companies to understand the impact of COVID-19 on these parameters. **MS-Excel tool** has been utilised to represent these secondary quantitative data as follows:

Company	Pre-Covid data (2019)			Post-Covid data (2020)		
	Net product sales (INR)	Operating income (INR)	Total assets (INR)	Net product sales (INR)	Operating income (INR)	Total assets (INR)
Infosys	160448.00	28,600	225248.00	215915.00	33720.00	321, 195
Hindustan Unilever	510329.00	21957.00	219295.00	519926.00	20568.00	236495.00
Bharti Airtel	149351.00	4737.00	45400.00	163220.00	5435.00	55556.00

Figure 3: Secondary quantitative data

(Source: Developed from Bharti Airtel, 2020, Infosys, 2020, Hindustan Unilever Limited, 2020)

It is identified that all the three companies have experienced an increment in sales generation that directly impart positive impact on sales volume of the selected companies. As mentioned by Grashuis *et al.* (2020), due to the outbreak of COVID-19 pandemic, global customers are unable to move outside that has resulted in increasing demand for online purchases extensively. Retail units have also implemented suitable strategies for satisfying the increasing demands of customers across their business network. Moreover, the company has also focused to protect its customers from the negative impact of the recent pandemic situation by violating 6000 selling accounts globally. It is evident that AWS possesses a high quality of computing power along with providing a secured service to customers associated with the organisation. Moreover, the company has also collaborated with the **World Health Organization (WHO)** by delivering a technologically advanced cloud system to detect the virus. Apart from that, the organisation has also attracted its customers by implementing a green program termed as **Climate Pledge Friendly program** to help its customers finding sustainable products. A huge amount of 40,000 climate pledge friendly products have also been implemented by the company across its trading networks in several countries. These kinds of programme are significant to attract a huge number of customers that has resulted in increasing the amount of net product sales as compared to previous year.

Company	Pre-Covid data (2019) (INR)	Post-Covid data (2020) (INR)
	Net product sales	
Infosys	160448.00	215915.00
Hindustan Unilever	510329.00	519926.00
Bharti Airtel	149351.00	163220.00

Figure 4: Raw data about net product sales

(Source: Developed from Bharti Airtel, 2020, Infosys, 2020, Hindustan Unilever Limited, 2020)

Apart from that, **Hindustan Unilever** has also implemented an innovative strategy to help its customers availing services from online retailing and e-commerce sites. The organisation is also considered as a **Customer-centric** as it utilizes the **omnichannel** marketing strategies for offering a **time-saving** service to customers. It is found that the company has served a significant number of **INR 256 million customers** on a weekly basis. The company has helped customers that have visited **11,500** offline stores and **56** e-commerce websites across 27 countries. As a result, the company has also experienced an increased number of sales volumes across its business network. Moreover, the strategy of **everyday low prices (EDLP)** has also contributed in delivering low price offers to customers. This offer has also played a significant role in gaining customers' trust that the company has a reliable pricing strategy over its trading activities. All these factors have resulted in attracting costumers that has led to increasing the net product sales in 2020.

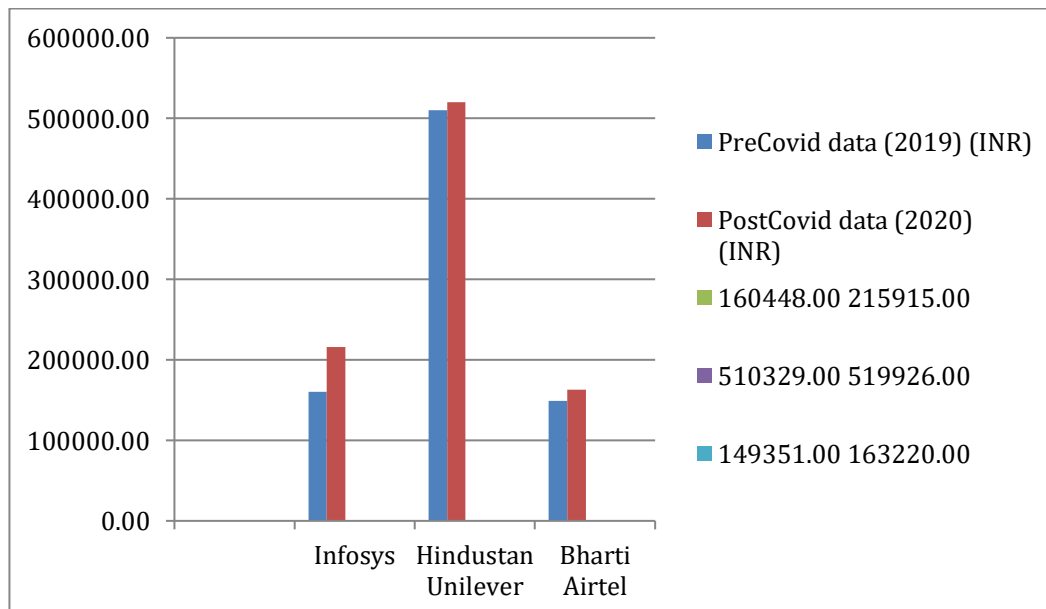


Figure 5: Graphical representation of data regarding net product sales

(Source: MS-Excel)

Infosys is also found to implement effective customer service strategies for helping its consumers in availing the services offered by the company. The company has also identified that retail industries are involved with an extreme level of competition based on **price strategies, customer services, product distribution system** and **segmentation of customers**. As a result, Infosys has also attracted new customers that have also resulted in increasing its net sales volume in an extensive manner. However, among all the chosen companies, Infosys is also found to experience the most increased sales volume as represented in the above graph.

Another factor that has been included in this section is the **operating income** earned by all the chosen companies. Operating income includes the net profit earned by a business unit after excluding involved expenses. As opined by Fu and Sheen (2020), operating income is an effective measure for determining the performance of a business unit. Inclusion of these parameters is beneficial to understand consequences of business strategies adopted by chosen companies to perform a profitable trading activity. As a result of effective business strategies operating income of Infosys is found to be increased to an amount of INR6.9 billion in the fourth quarter of 2020 that is more than the company earned in 2019. It has led to an increase the net operating income of Bharti Airtel during the pandemic situation.

Company	Pre-Covid data (2019) (INR)	Post-Covid data (2020) (INR)
	Operating income	
Infosys	14541.00	22899.00
Hindustan Unilever	21957.00	20568.00
Bharti Airtel	4737.00	5435.00

Figure 6: Raw data about operating income

(Source: Developed from Bharti Airtel, 2020, Infosys, 2020, Hindustan Unilever Limited, 2020)

On the other hand, in case of Infosys the amount of operating income has been decreased due to increase in its expenses in respective factors. As the company has included a significant amount of expenses to satisfy consumers' demands it has resulted in declining the amount of operating income during the pandemic situation. However, the company has incorporated **20.9%** amount of net sales volume for additional expenses. However, by implementing effective measures to attain a huge customer satisfaction the company has earned an increased amount of sales volume even during the pandemic situation.

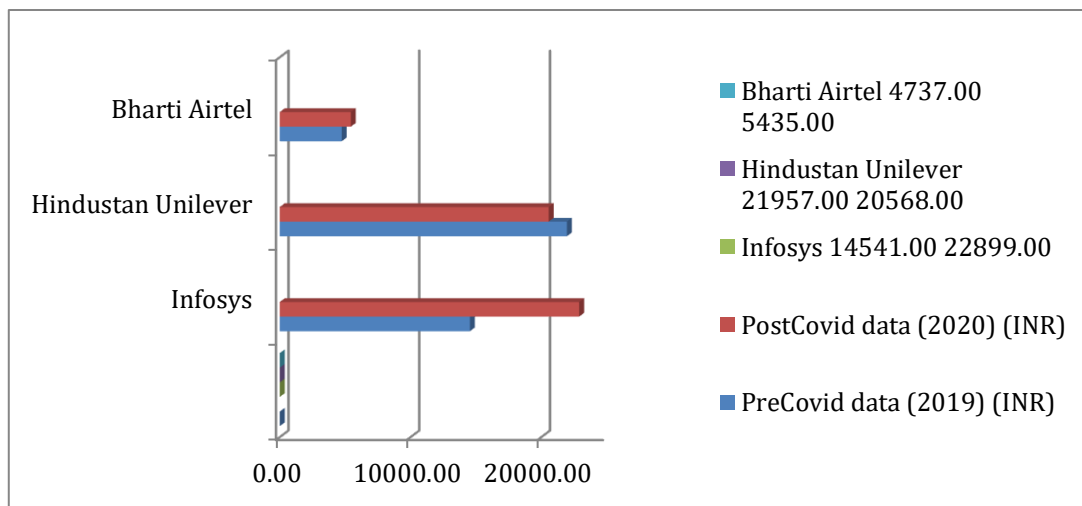


Figure 7: Graphical representation of data regarding operating income

(Source: MS-Excel)

Infosys is also identified to have experienced an increased amount of operating income in 2020 as compared to 2019. The company has earned 33% operating income in 2020 that has also resulted in attaining a significant growth in the international market by the company. The company has also implemented an effective strategy of combining **volume purchasing, efficient product distribution** and providing an effective level of **warehouse facilities** to customers. This has resulted in earning an increased amount of net income by the company in 2020.

Third parameter that is incorporated in this section is termed as the **total asset** possessed by selected companies. It is found that all the three companies have experienced an increase in their total assets in 2020. Hence, it can be said that these companies have earned a significant amount of revenue during the pandemic situation.

Company	PreCovid data (2019) (INR)	PostCovid data (2020) (INR)
	Total assets	
Infosys	225248.00	321, 195
Hindustan Unilever	219295.00	236495.00
Bharti Airtel	45400.00	55556.00

Figure 6: Raw data about total assets

(Source: Developed from Bharti Airtel, 2020, Infosys, 2020, Hindustan Unilever Limited, 2020)

Infosys is a customer centric company that has implemented adequate strategies to help its customers in an effective manner. The company has developed a specific team *to* help its customers in detecting risk factors at home during the recent pandemic. Apart from that, the *AWS* panorama appliance has also been utilized by the company to improve quality of its existing products and services. The company has also provided adequate support to its existing employees to handle the situation faced during COVID-19 pandemic. By improving the performance level of existing workforce, the company has conducted a profitable business activity even in the COVID-19 affected areas. Consequently, Infosys has been able to increase total volume of its assets along with retaining these assets in a sustainable manner.

Hindustan Unilever has also implemented adequate strategic measures to simplify its business activities along with conducting a smooth *customer proposition*. As mentioned by Sheth (2019), business units make use of *customer-co creation* strategies for resolving any problematic issues in the path of attaining customer satisfaction. An increased value in the amount of total assets possessed by **Hindustan Unilever** signifies that the company has also implemented suitable policies to ensure an increased number of transactions during the pandemic situation. Moreover, by combining *merchandise* and *customer purchase* the company has been able to perform a profitable business activity even amid the pandemic situation (Mukona, 2020).

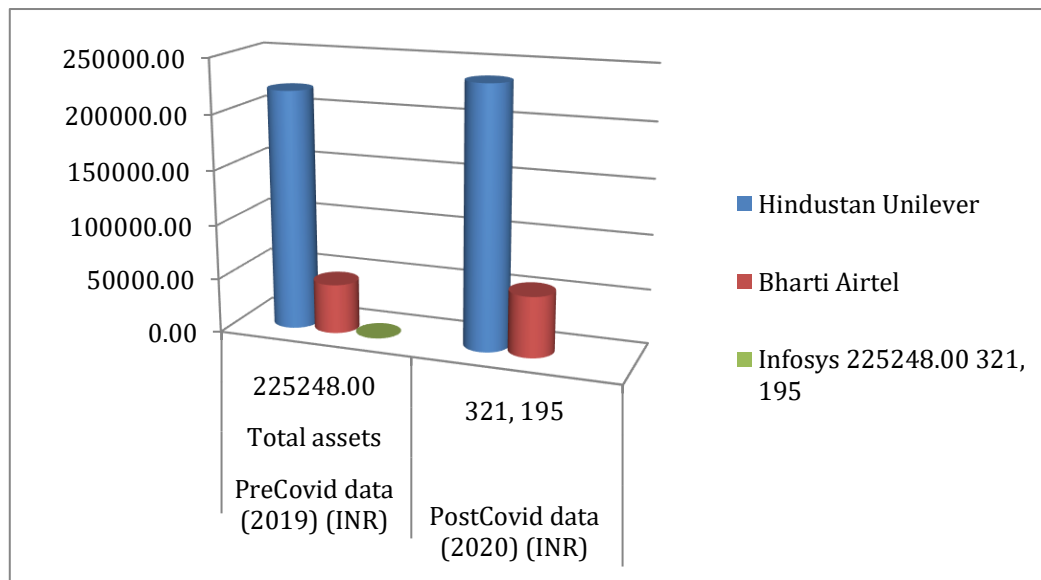


Figure 7: Graphical representation of data regarding total assets
(Source: MS-Excel)

Bharti Airtel has also experienced an increase in its total assets due to increased amount of cash flows from its operating activities. Hence, it can be stated that increased amount of cash flow has resulted in increasing the amount of total assets by **Bharti Airtel**. Thus, it can be said that all the chosen companies have performed in a productive way to perform their business activities aligned with change in consumer purchase behaviour. As a result all the selected companies have experienced a desired level of profit generation even during the pandemic.

7. CONCLUSION AND RECOMMENDATIONS

Covid19 pandemic has impacted all the processes in the world but there was some negative impact and some positive impact too. All the offline businesses, companies, industries and stores, supermarkets are badly impacted. On the other hand, online businesses and mainly online stores and supermarkets are positively impacted by the COVID19 pandemic. Covid19 affected business process management as well as the consumer purchasing process. As the customers became more concentrative about their purchasing of products, the purchasing process was affected. There were a large number of enhancements of online purchasing customers and it also increased employment and impacted on the labour market. Consumer behaviour theory is very important for the business strategy and purchasing process.

As Covid19 has impacted all human health, to maintain safety is very much important for the online organization. Therefore, all online organizations should develop their safety processes. They should do more development with their packaging system. Hence, all the online organizations are increasing their employment because of their increasing order. Thus, the delivery person or employees should maintain proper guidelines to maintain safety of himself and the customer. Apart from that, the online organizations should enhance their productivity as the needs of the customers are not the same.

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