

## **Socio -Economic status of an Individual and Impact of Covid-19: An Empirical Analysis**

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### **Abstract**

There's no doubt that the crisis caused by the global Coronavirus (COVID-19) pandemic has created an impeccable and drastic business climate. Businesses are being presented with many new challenges as complete lockdown in all sectors whether it is international and domestic trade, daily wage workers income, companies, government and the number is countless. Companies face temporary or even permanent closures, with staff facing months of financial uncertainty and worry. Consumers who are the drivers of economy lack with confidence and their behaviour has been forced to immediate change with their spending and consumption. Those in isolation or under lockdown can't perform their usual routines, especially since many local shops have been forced to close their doors for safety reasons. Concerns about the availability of goods have encouraged panic buying of items in bulk. Financial uncertainty and the prospect of a severe and long-term recession would have a significant impact on consumer outlook, perceptions and behaviours. This pandemic is moving towards a Black Swan Event which results from BCG consumer sentiment survey.

The present study attempts to explore and gauge the sentiments, expectations, income spending, and behaviors of Indian consumers and people during coronavirus crisis with a 360 degree view i.e. in all prospects. Further, the study focuses on the change in the media consumption habits towards E commerce and usage of electronic gadgets since the COVID-19 outbreak and finally focuses on the various ways in which they are using social media to stay connected, informed, learn and entertained. The study is an empirical analysis hence the findings are presented at the end.

**Keywords:** Coronavirus, COVID-19, Consumer and People's Behavior, Consumer Sentiments, Socio Economic

### **Introduction**

In late December 2019, a pneumonia outbreak of unknown etiology took place in Wuhan, in China, and spread quickly nationwide and trap the whole economy into its drastic jaws through which no one is left out with its effect. India recorded the first case of the disease on January 30, 2020. Since then the cases have increased steadily and significantly. Given the nature of the disease which is highly contagious, the ways to contain the spread include policy actions such as imposition of social distancing, self-isolation at home, closure of institutions, and public facilities, restrictions on mobility and even lockdown of an entire country. These actions can potentially lead to dire consequences for economies around the world. In attrition to it, to curb the spread of the virus, the government of India announced a three week long nationwide lockdown starting March 25, 2020. All non-essential services and businesses, including retail establishments, educational institutions, and places of religious worship, public utilities and government offices across the country will stay closed during this period and all means of travel have been stopped. This pandemic is now becoming endemic and no vaccine till now is ready to cure the patients. This lack of confidence and fear of death has a harsh effect on Consumer and their spending.

As per NCBI reports and BCG consumer sentiment survey this is on the pathway to be declared as the Black Swan Event which is an unpredictable event that is beyond what is normally expected of a situation and has potentially severe consequences. Black swan events are characterized by their extreme rarity, severe impact, and the widespread insistence they were obvious in hindsight.

### *Literature Review*

There have been several studies focusing on COVID 19 pandemic with its impact and ill effects.

**Binder (2020)** shows that 30% - 40% of Americans are very concerned about the corona crisis, postponed travel and delayed purchases of larger ticket items as early as March 2020 but became more optimistic about the unemployment situation and revised downward their inflation expectations once being told about the cut in the federal funds target rate on March 3rd. **Fetzer et al. (2020)** show the arrival of the corona virus in a country leads to a large increase in internet searches around the world. In a survey experiment on a US population, they find survey participants vastly overestimate the mortality rate and the contagiousness of the virus. **Hanspal et al. (2020)** study the income and wealth loss in a survey and the impact on expectations about the economic recovery. **Barrios and Hochberg (2020) and Allcott et al. (2020)** use internet searches, survey data, and travel data from smartphones to document that political partisanship determines the perception of risk associated with COVID19 and non-essential travel activity. **Bursztyn et al. (2020)** study the effect of media consumption on the perception of the corona virus. **Dingel and Neiman (2020)** use data from responses to two Occupational Information Network surveys and estimate that about 37% of jobs can be performed from home, whereas **Mongey (2020)** documents that employee that is less likely to be able to work from home are mainly non-white and without a college degree with the help of initial unemployment insurance claims the maturity amount **Baker et al. (2020)** study the consumption response to the COVID19 pandemic. **Coibion et al. (2020)** also use Nielsen surveys to study the effect of the pandemic on labor markets and find large drops in labor-force participation due to a wave of early retirements. **MC Hall et al.(2020)** evaluates consumption displacement, the shift in consumption that occurs when consumers experience a change in the availability of goods, services and amenities to which they are accustomed as the result of an external event. example, Ebola, SARS, MERS, swine flu, and dengue fever **Balinska and Rizzo, (2009)**. Most prominently, the outbreaks have had an impact on two categories of human behavior: consumer behavior **Miri et al., (2020)** and health risk mitigation behavior (La Torre, 2019). In addition, severe macroeconomic implications typically follow in areas hit by a pandemic causing unemployment, uncertainty, and an economic recession. One model used in pandemic literature to explain behavior is the RANAS model. This model was developed to systematically understand health-related behavior by taking risks, attitudes, norms, abilities, and self-regulation into consideration **Mosler, (2012)**. The model has been applied to understand behavior during pandemics. Social norms, perceived severity, response beliefs, and health knowledge predict adoption of individual prevention measures **Gamma et al., (2017, 2020)**. In addition to the health measures mentioned, outbreaks and pandemics are expected to have a significant impact on consumer behavior. Scholars have reported increases in purchasing of food, face masks, hand sanitizer, and other items perceived to be important for surviving the pandemic **Goodwin et al., (2019)**. In addition to RANAS, the protection-motivation theory (PMT) has been employed for understanding the underlying motives of human action during epidemic situations (**Farooq et al., 2020; Laato et al., 2020a; Sharifirad et al., 2014; Timpka et al., 2014**). The findings of work using PMT emphasized the impact of an individual's threat and coping appraisal on behavioral intentions **Timpka et al., (2014)**, which calls for research on the factors influencing these appraisals.

### *Research Problem*

From the above literature the researcher founded that very few literatures been available regarding consumer perception and behaviour on their spending which give rise to a question about their overall impact on Consumer. Consumer behavior has been forced to change and change on a massive scale. Consumers are expected to be bearish on discretionary spending such as movies and restaurant visits, luxury brands and leisure travel, and defer spending on fashion, personal grooming and home décor even in the coming months after the magnitude of the outbreak lessens. The focus on health and hygiene products, healthy organic food, medical needs, fitness, mediclaim, education and financial investments may be some of the key shifts in consumer behaviour. Grocery essentials are out of stock. Given the above context it is very important to know the overall or round view of consumer spending and their habits and the study focuses on “Socio-economic status of an Individual and Impact of Covid-19”

### ***Scope of the Study***

This study focuses on the primary data and collected by connecting and surveying people who were in close contacts of the researchers. From among the total respondents of this study, majority of respondents belonged to Varanasi.

### ***Objective of the Study***

The main objective of the study is:

- To analyze the social economic-status of an individual affected by the impact of Covid19
- To examine the perception of genders on impact of Covid-19.
- To study the impact of Covid-19 on different age and income group.

### ***Hypothesis of the Study***

The present study is analyzed with the help of following hypothesis and sub hypothesis:

- **H<sub>01</sub>** Social-economic status of an individual is not significantly affected by Covid-19 impact.
- **H<sub>01.1</sub>** There is no significant difference between perception of male and female on impact of Covid-19.
- **H<sub>01.2</sub>** Age and income groups of individual are not significantly influenced by Covid-19 Impact.

### ***Research Methodology***

**Research Design:** The present study is based on primary survey. The primary data were collected through the questionnaire. The questionnaire is divided into two parts. First part of questionnaire is related to demographic characteristics of respondent and second part of questionnaires represents the impact of covid-19 through different group of statements. These statements are related with consumer’s habits, behaviors, emotions and sentiments.

**Sampling:** The present study is based on responses collected from the people of Varanasi and is collected from different areas of Varanasi. Researchers adopt convenience method of sampling for data collection. The population of sample was 12 lakhs according to census 2011. The sample size is determined by using Cochran’s sample size formula for definite population. i.e. 385. The present survey is conducted through google form.

**Statistical Tools:** Researcher used SPSS 21 software for analysis data. Descriptive and inferential statistics analysis is used in the study. The analysis techniques used are independent sample t-test and one way Anova in

the analysis of data. Independent sample t-test is used for comparing mean between male and female. One way Anova is used for examine the impact on age and different income groups.

#### *Limitation of the Study*

- The sample of respondents selected for the study may not truly represent the whole population
- of the selected places of Varanasi
- Convenience method of sampling was adopted, which has its own limitations.
- The responses obtained from the survey are subject to various types of biasness.
- Time and cost constraints do remain as limiting factor in most of the researches in Social Sciences.

#### **Data Analysis and Interpretation**

The *analysis* follows with Levene's Test to get the equality in variances between the respondents based upon age, gender and income. Following tables shows the results of the analysis:

**Table: 1 Analysis of Levene's Test for Equality of Variances**

Gender	Frequency	Mean
Female	152	2.8228
Male	232	2.8703

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Impact of Covid-19	Equal variances assumed	0.647	.422	-1.33	382	.183

**Table: 2 Impact of Covid-19 on between different age groups (Gender Base)**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.069	3	1.023	9.340	.000
Within Groups	41.613	380	.110		
Total	44.682	383			

**Table: 3 Impact of Covid-19 on between different age groups (Income Base)**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.164	4	.541	4.823	.001
Within Groups	42.518	379	.112		
Total	44.682	383			

### *Interpretation*

Table 1 represents that there no significance difference between the perception of male and female on Covid-19 impact ( $p > 0.05$ ). The value of t test is -1.33 show the inverse relationship between them. Hence sub null hypothesis  $H_{01.1}$  is accepted

Table 2 and Table 3 represents that there is significant variation on different age and income groups due to impact of Covid-19. The p-value of different age group ( $p = .000$ ) and income group ( $p = .001$ ) is less than .05. Hence sub null hypothesis  $H_{01.2}$  is rejected.

### *Conclusion and Discussions*

After analysing the data we came to conclusion that exist no difference between the perception of male and female regarding impact of Covid-19 on social-economic status but in contrary we found that there exist a significant impact of Covid-19 on different age and income groups. Hence, the main hypothesis of study is partially forwarded and accepted.

As COVID-19 becomes a global pandemic, governments and organizations continue to work toward containing COVID-19 and stemming the growing humanitarian toll it is exacting. Meanwhile, globally as well as locally, consumers are feeling its economic effects. The Union government imposed a 21- day lockdown on March 24, which has since been extended till May 3. Consumer industries have been among the hardest hit as restaurants and malls are shut and retail, except essential grocery stores and medicine shops, also shuttered. In line with global consumers, Indians too are highly concerned about the coronavirus outbreak, and have undoubtedly displayed high optimism. Amid this lockdown and social distancing measures in place, more consumers are now spending across select and essential products like buying groceries through mixed-mode of purchases (both, in-store and online) and sales of hand sanitizers, soaps and home cleaning products have risen. The COVID-19 pandemic has resulted in a slight shift in the paradigm of what we consider to be essentials; hygiene products have entered this category, whereas industries like apparel have shifted to discretionary. There is a rising demand for healthcare supplements as well, as more people look to boost their immunity supplements, including Ayurvedic medicines and products, as consumers pursue different ways to combat the virus. However, with the implementation of the lockdown and companies facing disruptions across manufacturing and supply chain, there is a considerable slowdown in growth of Fast Moving Consumer Goods (FMCG). The disruptions in supply chain and logistics are leading to drying up of inventory levels at retailers which may significantly impact the supply of FMCG products to consumers. Further, the COVID-19 impact is expected to be felt acutely in the consumer durable sector as it has a high dependency on China for imports of consumer durable components along with half of the completely built units. Hence, consumer durables and electronics will soon see an increase in prices. Also, a significant shift is noticed towards social media sites and digital channels, products, and services across categories. But, that shift has not come close to offsetting the overall reduction in spending, though consumers are still pulling back

dramatically on discretionary spending. This change in consumption patterns and in consumer behaviour will be more because of substantially diminished purchasing power in the hands of the consumer, and not so much because of being under lockdown for 3-4 weeks (or a bit more). In the longer run, the COVID-19 recovery is likely to result in a more permanent shift in consumers' attitudes and shopping behaviour, especially in urban areas, with increased usage of home and personal hygiene products and an accelerated shift to digital purchases. Finally, on a positive note, it's time for us consumers to realize, acknowledge, and learn to live with coronavirus (COVID-19).

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