

Panic Buying in India During COVID-19

Rahul Ramesh Kharat, MBA (Marketing)

Symbiosis Institute of Management Studies, Pune

Abstract: Coronavirus induced pandemic brought with itself significant changes to our daily lives and at the same time, created huge waves in all activities of economic nature. The pandemic went on to restrict our travel, instigated shortage in the labour force, had a huge impact on operations of factories, logistics went on to face significant disruptions, sparked closing of outlets for products which were not essential and which were in the business of providing food service. Despite the lifting of lockdown induced restrictions, the social distancing norms have presented a fresh challenge, coupled with shortage in the labour force.

More importantly, this coronavirus induced pandemic brought forth a huge change in consumer behaviourism by inducing panic driven buying of stocks considered “staple” which in turn led to retailers in panic due to shortage of stock of certain goods. The phrase “panic driven buying” is used to indicate such behaviour of the consumers wherein they buy products in quantities considered to be unusually large. What drives this buying of products in quantities considered to be unusually large is the anticipation that during such a disaster which is perceived could or would lead to shortage in supply and increase in demand which would make their availability scarce and in turn drive up the prices. Hence, in anticipation of such a phenomenon, consumers start panic driven buying of products in quantities considered to be unusually large.

The problem with such panic driven buying of products in quantities considered to be unusually large is that such commodity or commodities becomes scarce in terms of their availability and more often than not, result in situations akin to stock out. Such situations, in turn, prevent or limit individuals belonging to vulnerable groups like that of poor or elderly, groups which might need certain products more urgently than the rest or might not be able to afford buying bulk quantities in order to safeguard their future interests (Yuen et al., 2020, p. 1). However, due to panic driven buying of products in quantities considered to be unusually large, their access to such much needed products is hampered and they are unable to do anything about it. The present paper seeks to analyse the consumer behaviour in relation to panic driven buying of products in quantities considered to be unusually large, pertaining to the territory of India.

Literature Review

Coronavirus induced pandemic resulted in panic driven buying products in quantities considered to be unusually large. Demand surged over twenty per cent for packs of biscuit in packaging of large quantities like that of 1 kilogram or 2 kilograms. Things like rice saw significant changes in the pattern of buying- consumers usually buying packets of one or two kilograms, were noticed buying packets of five kilograms (Bhushan, 2020, p. 2-3).

Consumers, during such time of coronavirus induced pandemic, started indulging in stocking up of goods which they considered to be essential- mostly pertinent to food like staples, oil for cooking, foods which were packaged and things which pandemic unique like hand sanitisers, masks, essential medicines, disinfectants etc. Such scare spread due to the novel COVID – 19 that the relevant gear recommended for protection, such as that of sanitisers as well as the masks, went out of the stock quite briskly from the outlets for retail (Das, 2020, p. 1).

It even came to the point that the Government of India took to contemplating the launch of campaign for the purpose of dissemination of consumer awareness, with the aim to make people understand to not panic whilst buying such goods (Das, 2020, p. 2) and the Prime Minister of India Narendra Modi appealed to the public to refrain from the practice of panic driven buying of products in quantities considered to be unusually large as well as that of piling up stocks of goods which the general public considered to be essential in nature.

On the other hand, industries pertinent to consumer goods considered to be fast moving who were involved in the business of selling goods which were driven by necessity and were such products which were essential like that of goods which were packaged, bottled water and fresh food were badly impacted due to the breakdown of the chain of supply, outage of stocks and the piling up of the stocks. The coronavirus induced pandemic brought with itself a slight turn in the paradigm of what is usually considered to be something which is essential; products used for maintenance of hygiene have found a place in such category whereas the industries involved in the production of apparel now find themselves to be something “discretionary” (Euromonitor, 2020, p. 1).

Products which are now considered to be not essential took a backseat whilst shopping for most of the consumers. Hence, products like that consumer foodservice, apparel, luxurious items, travel, drinks which are alcoholic in nature, tobacco, consumer electronics have suffered a great deal since most of the companies involved in their production have either chosen to scale down or completely halt their operations during this tumultuous time. Some of these companies have instead chosen to adapt themselves and have started producing products which are considered to be necessary and are selling like hot cakes – hand sanitisers, masks, PPE Kits, ventilators etc. which would not only aid the government but also the community whilst indulging in this seemingly forever war against the novel COVID- 19.

Discussed herein below are some of the trends which were noticed during this time of panic driven buying of products in quantities considered to be unusually large:

➤ **Online shopping of groceries**

During this coronavirus induced pandemic which forced all of us to stay at our homes, retailers in the business of selling groceries – accounting for over sixty percent of sales in retail which take place out of traditional stores, were given the due permissions by the Government of India to continue their operations due to the fact that they are in the business of selling goods which are considered to be essentials and products which are for the healthcare of the consumers. Whilst the permitted retailers, in the initial days, saw a rise in their sales due to increase in demand by the consumers – mostly due to the practice of panic driven buying of products in quantities considered to be unusually large, the business men eventually started facing the struggle of replenishing the stocks owing to the disruption in the supply chain – which in turn resulted in outage of stocks.

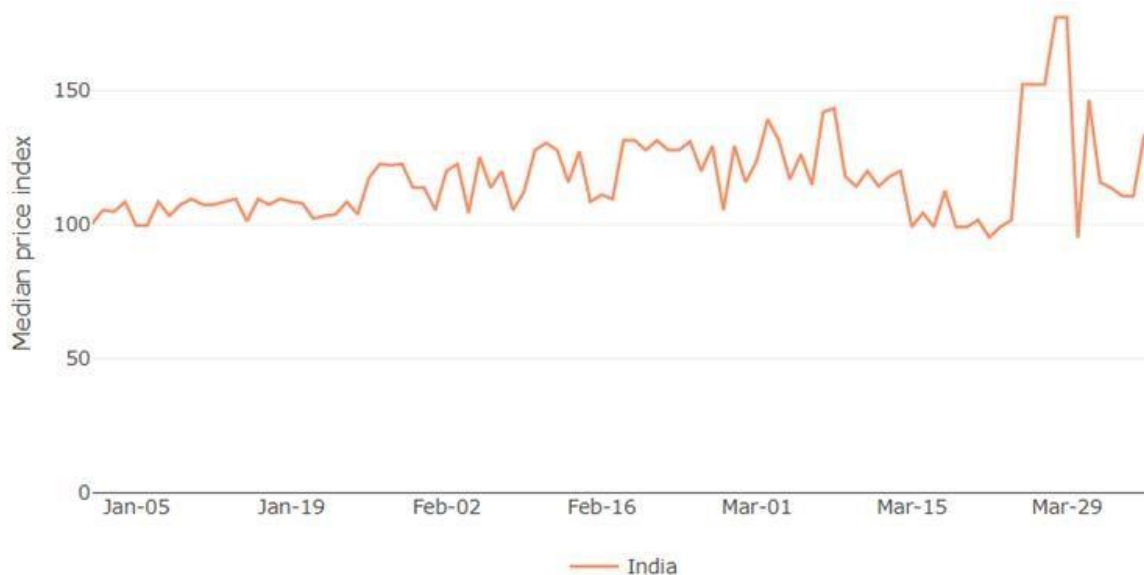
When retail shops showed signs of struggle to provide staples and essentials, even the population which preferred buying from retail shops, turned to E-Commerce companies to fulfil their basic needs. One such company is the Grofers which has witnessed a nearly eighty per cent spike in the orders across places like Pune, Ahmedabad, Mumbai, and Bengaluru during such period of coronavirus induced pandemic, as well as a sixty per cent rise in Hyderabad and the Delhi National Capital Region. The rapidly growing entity witnessed a spike of forty five per cent whilst the value of the average order saw an increase by eighteen per cent (Bhattacharya, 2020, p. 3).

Such companies which operate via internet and ones which focused on the sale of the groceries also recorded a similar rise in their sales due to increase in demand by the consumers – mostly due to the practice of panic driven buying of products in quantities considered to be unusually large, the business men eventually started facing the struggle of meeting the demand with the adequate supply, in the absence of which they were forced to halt their operations owing to logistics issues. However, in the long run, it is expected these E-Commerce giants would benefit greatly owing to the changing consumer habits which have started preferring online grocery shopping over traditional one.

Contrarily, even E-Commerce companies which were mainly in the business of selling footwear and apparel- the sale of which were not given the due permissions by the Government of India to continue their operations and thus had to go on a complete shutter down owing to the lockdown gifted to us by the coronavirus induced pandemic, will stand to witness a significant impact on their revenues. While the sale of such items is on the track of being normal, recover of the lost profits will be a long and difficult road owing to the necessary measures to be taken for the purpose of precaution which would consequently lead to shifting of the preferences of the shopping channel by the consumers on the basis of which shopping channel is able to adapt to the new world in a better manner.

➤ **Staples became a luxury**

Foods which are sold as pre packaged saw a huge spike in their sales owing to the customers indulging in the practice of panic driven buying of products in quantities considered to be unusually large. Categories such as that of the instant noodles, breakfast cereals, cooking ingredients, rice, cooking fats, pasta, and edible oils witnessed amongst the highest peaks in terms of demand but owing to frequent stock outages, a similar spike in sales was not noticed.



Movement of Price for Instant Noodles Over a Period of Three Months in India

Source: *Euromonitor International Via Price and Availability Tracker*

Consequent to the guidelines issued by the Government of India, industries in the business of manufacturing of products started trying to increase the production as well as dealing with the shortage on the supply side across varied channels. However, limited labour force along with the

challenge of transportation both intra and inter state proved to be a huge setback and restricted their capabilities.

For fresh produce, while the challenges presented by the supply side have not been very long term, the lockdown imposed due to the coronavirus induced pandemic has had a significant impact on the distribution inter state of vegetables and fruits, causing more panic and fluctuations in the price levels. Even E-Commerce channels in the business of selling fresh produce have seen significant fluctuations.

➤ **Personal hygiene took the limelight while beauty products became discretionary**

Owing to the growth in the awareness of maintenance of hygiene standards in order to contain the deadly virus i.e. COVID- 19 has resulted in significant rise in the demand for products of personal care, especially liquid hand wash, sanitizers and bar soap- this was more so during the time of peak spread of the virus. With the shift of preferences of the consumers towards purchase of necessities, spending on items belonging to the category of personal care and beauty like that of deodorants colour cosmetics, skincare and fragrances became something which was discretionary, consequent of which demand for such products fell.

In the face of such situation start-up as well as well established brands chose to opt for deferring the launch of their product, especially for items belonging to the category of personal care and beauty like that of deodorants colour cosmetics, skincare and fragrances since spending on such products became something which was discretionary to the general public- till the time the situation became somewhat normal.

Multinational giants like that of Godrej Consumer Products Hindustan Unilever, and ITC have chosen to suspend the operations which are manufacturing related of most of the lines of the product and have in turn increased the production of certain goods which were considered to be necessities and were in high demand- products like those for the maintenance of hygiene (Jain, 2020, p. 1). This move was pivotal in ensuring there were no constraints in supply of such products. Moreover, these multinational giants also endeavored to work closely with the Government of India in order to provide much needed cuts in prices for hand sanitizers, bar soap and liquid soap. This was done in order to ascertain more access as well as affordability of such products.

➤ **Home hygiene maintenance products went out of stock**

Consequent to efforts of consistent nature for increasing the awareness towards washing of hands as well as regular disinfecting of surfaces, the general public went into a frenzy and started stocking products in quantities considered to be unusually large which led to outage of stocks in the short run. It came to such a situation that people had to resort to buying such items from wholesalers instead of retailers. However, these categories stood to benefit in the long run with the recovery of the supply chain. Toilet cleaners as well as the floor cleaners came to be known as some of the few categories which exhibited a strong affinity for growth, in comparison to before the coronavirus induced pandemic time or the pre COVID- 19 period, riding on the back of piling up of stocks as well as purchasing in frequent manner, which includes purchases by the first-time consumers. It is projected such categories would most likely continue to exhibit high volume usage even after the coronavirus induced pandemic time or the post COVID- 19 period, owing to the habits which have come into being due to the coronavirus induced pandemic time and have accelerated the growth of the home care in the market which is the world's fifth-largest market for products of home care, as of 2019 (Euromonitor, 2020, p. 4).

Country	2020-01-12	2020-01-13	2020-01-14	2020-01-15	2020-01-16	2020-01-17
China	1.55	1.52	1.64	1.6	1.57	1.56
India	54.14	54.62	59.82	57.64	59.76	61.74
Italy	5.24	5.09	5.52	5.71	6.07	6.14
Japan	5.7	5.67	5.7	5.74	5.93	5.68
Spain	3.88	4	4.01	3.68	5.09	4.21
United Arab Emirates	6.78	2.93	2.86	3.33	4.18	1.78
United Kingdom	7.44	6.55	6.57	6.59	8.12	6.74
USA	11.05	10.98	11.31	11.02	11.47	10.75

Disinfectants used in home stock outages across countries

Source: Euromonitor International Via Price and Availability

➤ **Preventative healthcare remedies predicted to stand to gain over long term**

The coronavirus induced pandemic brought forth a huge change in consumer behaviorism since it drove consumers to buy products in quantities considered to be unusually large. While food stock was still understandable, it was shocking to witness a significant spike in the demand for products for maintenance, cure or prevention i.e. related to the health of the consumers, more specifically the medicines for cold, allergy (hay fever) and cough as well as remedies. What drives this buying of products in quantities considered to be unusually large is the anticipation that during such a disaster of a disaster which is perceived could or would lead to shortage in supply and increase in demand which would make their availability scarce.

Country	2020-03-22	2020-03-23	2020-03-24	2020-03-25	2020-03-26	2020-03-27
China	6.38	6.37	6.42	6.45	6.61	6.71
India	30.42	33.88	69.51	83.1	79.71	81.48
Italy	0	7.88	7	6.82	6.43	5.01
Japan	3.9	3.49	3.78	3.83	4.42	4.56
Spain	26.11	28.86	28.05	27.44	26.88	29.75
United Kingdom	20.43	20.94	19.08	18.38	15.54	23.03
USA	11.21	12.27	12.39	11.23	11.14	11.86

Stock outage of Multivitamins across countries

Source: Euromonitor International Via Price and Availability

Moreover, the coronavirus induced pandemic resulted in a significant shift in the lifestyle of the consumers, with more and more focus on such healthcare which would provide prevention as the remedy. There has been a spike in the demand for supplements for increase of immunity which includes products and medicines which are Ayurvedic in nature. This is because in the diverse population of India, consumers tend to pursue varied ways of trying to fight off disease, including the one induced by the virus.

Established companies dealing with Ayurvedic products such as, Himalaya Wellness, Patanjali Ayurved and Dabur India, stood to witness huge spikes in demand for their products like that of

Giloy tablets, Chyawanprash, and Septilin, Guduchi as well as other syrups for building up of immunities. In addition to medicines belonging to traditional India, other products for the improvement of immunity like that of multivitamins, vitamin C, mineral supplements and fish oils, were predicted to witness a boost in the sales as the priorities of the consumer completely shifted to laser beam a holistic focus on the wellbeing of the inner sanctum.

Reasons for Panic Buying

As mentioned above, the coronavirus induced pandemic brought forth a huge change in consumer behaviourism by inducing panic driven buying of stocks considered “staple” which in turn led to retailers in panic due to shortage of stock of certain goods. The phrase “panic driven buying” is used to indicate such behaviour of the consumers wherein they buy products in quantities considered to be unusually large.

Discussed herein are the main reasons for this panic buying:

➤ **Bulk buying to avoid repeated market visits**

With every market visit, people are afraid of catching the virus. In order to remedy this situation, people resorted to buying goods in bulk in order to avoid any repeated visits to the market.

➤ **Buying in fear of shortage**

During such a disaster or a disease which is perceived could or would lead to shortage in supply and increase in demand which would make their availability scarce and in turn drive up the prices, people are afraid to face difficult times and thus, take up to buy huge stocks.

➤ **More consumption due to work from home**

Due to the lockdown for the containment of coronavirus induced pandemic, companies took to adopting the model of working from home. It was noticed that working from home drive up consumption levels of the packaged goods which in turn meant people bought more and more.

➤ **Rumour driven stockpiling**

Owing to spread of false news that the government will any day close down retail shops as well as wholesale markets in order to contain the spread of coronavirus induced pandemic, people rushed to buy products in quantities considered to be unusually large.

Conclusion

Coronavirus induced pandemic completely changed our lives and created huge effects on the economic health of the countries worldwide. This pandemic brought forth a significant change in the buying behaviour of the consumers due to induction of panic driven buying of stocks which were considered “staple” which in turn led to retailers in panic due to shortage of stock of certain goods.

In the present paper, the author has tried to trace the trends which emerged out of this change in the buying behaviour of the consumers. It was observed that while masks, hand sanitisers are now part of our essentials, fashion has become more of a discretionary item. Stockpiling and outage of stocks indicate a fearsome mind set of the general public during this time.

It is imperative to note herein that going forward there are certain changes in the buying habits of the consumers which the industries must anticipate and produce, manufacture and market the same in line of such consumer behaviourism itself.

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