A SURVEY ON THE IMPACT OF LOCKDOWN ON RETAIL BUSINESS

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Abstract: The whole world is passing through an unprecedented situation since 2020 due to the COVID pandemic. Retail businesses in India were massively disrupted due to demand-supply shock and disruption of the supply chain. In the present study, an attempt was made to observe how the pandemic had affected the retail businesses, their turnover, their customers' preferences, their discount policies, etc. through a representative survey conducted in and around Kolkata. For the purpose of the study two sets of cross sectional data were collected with the help of questionnaire. It was observed from the study that most of the retail businesses, especially non essential retail segments were adversely affected due to decline in monthly average turnover, less number of customers' visit to retail stores and less amount of money spent on it. Demand of essential products like groceries, medicines, agricultural products, foods hygiene products etc. increased during the period of crisis. Consumers focused more on value based purchasing that they shifted their spending pattern from grooming products to personal care hygiene products.

Keywords: Pandemic, Retail Business, Supply Chain, Hygiene Products, Grooming Products.

Introduction

The whole world is passing through an unprecedented situation since 2020 due to the COVID pandemic. Although all states have started administering vaccine doses and are relaxing travel restrictions or removing lockdown norms, salvation from this crisis is still difficult. Retail businesses in India were massively disrupted due to demand-supply shock and disruption of the supply chain. This consequently affected growth of the economy, curtailed employment opportunities and further reduced disposable income of the masses. During the initial period, all retail shops or stores were ordered strict closure baring some retail stores dealing with essential commodities like chemist shops, grocery shops and retail stores dealing with daily necessities. It was observed that panic purchase started immediately after announcement of the first phase of lockdown; and sale of grocery stores and pharmaceutical stores increased manifold

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whereas, sale of non-essential items like cloths, cosmetics, jewelry, home appliances etc. were considerably reduced. Customers were hesitant to physically visit retail stores due to fear of infection during the period of crisis. Outbreak of COVID had not only highlighted the dismal state of healthcare in India but also showed the practical state of food security and financial security of the nation.

The general masses suddenly became more health conscious, took hygiene products as their integral need of life and also started spending their money in a more conservative way. The change in consumption that resulted from the crisis had its own ramifications in all sectors of the economy. In the present study, an attempt was made to observe how the pandemic had affected the retail businesses, their turnover, their customers' preferences, their discount policies, etc. through a representative survey conducted in and around Kolkata.

Literature Review

Shetty et al (2020) examined in their study the effect of COVID 19 on fast moving consumer goods (FMCG) and retail industries of India where they found that essential sectors such as FMCG, e-groceries and delivery centers had increased in demand for their products whereas, travel and tourism and consumers durable goods had significant reduction in demand during lockdown. Other goods under the category of non-essential sectors also faced decreased demand. Retail industries in India, in general, faced challenges due to drop in

sale and change in consumer behavior and stocks piled up in their warehouses, they faced liquidity crunch and there were supply shortages.

Pantano et al (2020) showed in their study the various challenges faced by retail businesses during the pandemic period and provided guidelines to handle the situation. The study explained on how local and small shops could help the economy, how retailers could reshape consumers' satisfaction, and also discussed the probable strategies that could be adopted by retailers to gain competitive advantage over other competitors. It also reviewed how rapid stock out of essential items like hand sanitizers, toilet tissues, surgical masks etc. changed consumer's behavior to stockpiling behavior from usual shopping behavior.

Sahoo and Ashwani (2020) made an assessment of the declining percentage of GVA and the fall in the growth rate of real GVA of Micro Small and Medium Enterprises (MSME). The study observed that like other sectors, the MSME sector was also adversely impacted due to COVID where there was an expectation of decline in base scenario and also increase of losses.

Bartik et al (2020) found that small businesses were left with shortages of cash in hand and they could not even bear a month's expenses due to closure of business due to the pandemic situation. They concluded that small business faced extremely fragile situation with their finance and it was difficult for them to sustain.

Sharma and Mehta (2020) observed in their study that there were changes in consumption pattern mainly related to the purchase of cosmetic products. The study revealed that Indian women were more conscious about products of daily necessity like skin care products and hair care products. With lesser outdoor activities and travel restrictions, purchase of makeup and other cosmetics had become lesser relevant in women's lives.

Moscicka et al (2020) found that there was an increase in the frequency of hand wash among women and they were also taking shower every time after coming back home. On the other hand, frequency of using cosmetics except some skin care products reduced considerably.

Mehta et al (2020) showed in their study the sentiment of spending pattern during the period of crisis would not be same as before. Consumers were spending on those products especially health and hygiene products and rest of non essential items like cloths, footwear etc. were cut out from their purchasing list. With the change in spending pattern, different sectors in India faced the challenge as turnover reduced due to various reasons during this pandemic period.

Shekam et al (2020) analyzed the impact of COVID 19 on personal care service industries by categorizing cosmetic companies into four segments where it was observed that there was higher than usual consumption of personal cleansing products like hand sanitizer, body lotions etc. Baby care products, deodorants, shampoo and conditioners were expected to be consumed as usual. Facial skin care, hair color, nail polishes and sun care products had a negative impact as less focus was emphasized on these products. Products suffered most during this health crisis were hair styling products, make up products and skin care products for men.

Objectives of the Study

The main aim of the study is to observe how functioning of retail businesses have changed due to the pandemic. The focus areas of the study are:

• To analyze whether average monthly turnover has changed during pandemic.

• To analyze whether average turnover has changed in some specific month during pandemic period.

• To analyze whether physical visit of customers to local retail store dealing with goods like medicines, groceries, books and stationeries, cloths, foot-wears etc. has changed during pandemic period.

• To analyze whether there is any change in discount policies offered to customers during their physical visits to retail stores during pandemic period.

• To analyze how consumers are spending their money in personal care hygiene products and grooming products during pandemic period.

Data and Methodology

For the purpose of the study two sets of cross sectional data were collected with the help of questionnaires. The first survey consisted of 100 retail businesses where their change in monthly average turnover in pre and during pandemic; high turnover in specific months; consumers'

visit to retail stores; discounts availed to customers during this pandemic situation were observed. The second sample consisted of 75 women where their spending patterns on personal care hygiene products and grooming products during lockdown were observed. The samples were collected from establishments and residents located in and around Kolkata. The collected data was tabulated in excel, analyzed and meaningful inferences were drawn.

Description of the Sample

Types of Retail Stores	N=100
Medicine shops (Habra, Ashoknagar, Bongaon)	12
Local grocery stores (Habra, Ashoknagar, Bongaon,)	14
Jewelry shops (Habra, Ashoknagar, Madhyamgram, Bongaon)	7
Garment shops (Habra, Bongaon, Kolkata)	17
Books and stationeries (Habra, Bongaon)	5
Luggage stores (Habra, Ashoknagar, Kolkata)	5
Departmental Stores (Habra, Ashoknagar, Bongaon, Kolkata)	10
Super markets (Habra, Ashoknagar, Bongaon, Kolkata)	7
Seeds and pesticides shops (Habra)	3
Fertilisers enterprises (Habra, Kolkata)	2
Toy shops (Habra, Kolkata)	3
Foot wear outlets (Habra, Kolkata, Bongaon)	10
Flower shops	5

Analysis and Interpretation

PART A: Analysis of Responses from Retail Businesses:

Table 1: Average Turnover in the Pre-pandemic Period and During the Pandemic Period

Observations	Response (N=100)
What was the average monthly turnover of your business in the pre pandemic period?	a) Less than 10 lakhs- 53 b) 10 to 50 lakhs- 25 c) 50 to 100 lakhs- 7 d) More than 100 lakhs- 15
What was the average monthly turnover of your business during the pandemic period?	a) Less than 10 lakhs- 72 b) 10 to 50 lakhs- 14 c) 50 to 100 lakhs- 5 d) More than 100 lakhs- 9

Table 2: Comparison of Average Monthly Turnover

Observation	Pearson Chi-Square Value	d.f	Significance at 0.05 (2-sided)
Monthly Average Turnover (Less than 10 lakhs, 10 to 50 lakhs, 50 to 100 lakhs, More than 100 lakhs)	7.8231	3	Significant

It was observed that turnover during the pandemic period had decreased for most retail businesses as compared to the pre pandemic period. Retail segments of essential commodities like grocery stores, chemist shops, medicines stores and other daily necessary products had increased turnover, whereas, turnover of non-essential retailers like cosmetics shops, books and printing stores, cloths and fashion outfits, jewelry shops etc. had declined sharply. It was observed that retail businesses whose turnover was less than 10 lakhs increased in number and businesses whose turnover was more than 100 lakhs decreased in number during the pandemic period.

Comparing the monthly average turnover of retail businesses, a significant difference in the Chi-square value {X^2 (3) = 7.8231, p<0.05} was found between the pre pandemic period and the pandemic period.

Table 3: Higher Turnover in Specific Months in Pre-pandemic Period and During Pandemic Period

Observations	Response (N=100)
Are there any specific month when your turnover is high?	a) Yes- 76 b) No- 24
If Yes to the above, then how many such months come in a year when your turnover is high?	a) Less 2 months- 15 b) 2 to 4 months- 43 c) 4 to 6 months- 8 d) More than 6 months- 10
Are there any specific months during the pandemic period when your turnover was high?	a) Yes- 63 b) No- 37
If yes to the above, then how many such months were there during the pandemic period when your turnover was high?	a) Less than 2 months- 19 b) 2 to 4 months- 40 c) 4 to 6 months- 3 d) More than 6 months- 1

Table 4: Comparison of Turnover

Observation	Pearson Chi-Square Value	d.f	Significance at 0.05 (2-sided)
Turnover high in specific months (Yes, No)	3.9863	1	Significant
Number of months when turnover is high (Less than 2 months, 2 to 4 months, 4 to 6 months, More than 6 months)	9.0789	3	Significant

In some special months (during vacations, on religious occasions or in the wedding season) there are chances of increase in turnover. But during the period of pandemic in 2020 most of the retail sectors were closed even in these special months and businesses were adversely affected as turnover declined. Although some retail sectors showed high turnover during some specific months but only few such months were enjoyed by retailers in the pandemic year as compared to the earlier years. From Table 3 it is seen that there was a significant difference between the pre-pandemic period and during pandemic period in number of specific months in the year 2020 when turnover is high.

Comparing extra turnover of retail businesses in specific months, a significant difference was found between the pre-pandemic period and during the pandemic period $\{X^2 (1) = 3.9863, p<0.05\}$ (Table 4). Comparing the number of months when turnover is high in specific seasons, a significant difference was found between the pre pandemic period and during the pandemic period $\{X^2 (3) = 9.0789, p<0.05\}$ (Table 4).

Table 5: Average Customer Visit to Retail Stores

Observations	Response (N=100)
How many customers (on an average) visited your shop/ store/ office per month till 2019?	a) Less than 200- 39 b) 200 to 1000- 48 c) 1000 to 5000- 8 d) More than 5000- 5
How many customers (on an average) have visited to your shop/office/store per month during the past one year?	a) Less than 200- 52 b) 200 to 1000- 38 c) 1000 to 5000- 6 d) More than 5000- 4

Table 6: Comparison of Average Customer Visit

Observation	Pearson Chi-Square Value	d.f	Significance at 0.05 (2-sided)
Average customer visit to retail stores (Less than 200, 200 to 1000, 1000 to 5000 and More than 5000)	3.4168	3	Not Significant

Due to pandemic, the customers visit to retail stores had reduced. Although lockdown was the primary factor for reducing human mobility and doing outdoor activities, other factors were there for decreased number of customers' visit to retail stores. The pandemic led to such a condition where the customers were reluctant to visit the retail stores physically. This was mainly attributed to technological advancement leading to online buying that helped customers to get commodities delivered to their door steps. Fear of the virus was another reason which reduced frequent visits to retail stores.

Comparing the average customer visits to the retail stores per month, no significant difference was found between the pre pandemic period and during the pandemic times $\{X^2 (3) = 3.4168, p<0.05\}$ (Table 6). So result was not significant and there was no statistically significant difference in average monthly customer visit to retail stores during pandemic period.

Table 7: Average Customers Visit to Retail Stores in Peak Months

Observations	Response (N=100)
How many customers on an average visit to your shop/store/office per month in the peak months?	a) Less than 200- 21 b) 200 to 1000- 57 c) 1000 to 5000- 15 d) More than 5000- 7
How many customers on an average have visited your shop/office/store per month in peak months during the pandemic period?	a) Less than 200- 49 b) 200 to 1000- 35 c) 1000 to 5000- 10 d) More than 5000- 6

Table 8: Comparison of Average Customer Visit in the Peak Months

Observation	Pearson Chi-Square Value	d.f	Significance at 0.05 (2-sided)
Average customer visit in peak months to retail stores (Less than 200, 200 to 1000, 1000 to 5000 and More than 5000)	17.8454	3	Highly Significant

During the peak months in this year of pandemic, fewer number of customers stepped out for doing outdoor activities as compared to earlier years. Every year consists of some special months when every retail shops remain over crowded with customers. But the year 2020 was an exceptional year due to the pandemic and customers' visit to retail stores even in peak months was significantly lower as compared to the previous years.

Comparing average number of customer visits in peak months to the retail stores, a highly significant difference was found between the pre-pandemic period and during the pandemic period $\{X^2 (3) = 17.8454, p<0.05\}$ (Table 8). It was observed that at 5% level of significance, chi-square value of 17.8454 was much more than table value 7.815 and so result was highly significant.

Table 9: Discounts Availed to Customers in Pre-pandemic and During Pandemic Period

Observations	Response (N=100)
Do you give any discount to your customer?	a) Yes- 72 b) No- 28
If yes, what is the maximum discount rate availed to the customer?	a) Less than 5%- 18 b) 5% to 10%- 36 c) 10% to 20%- 15 d) More than 20%- 3
Do you avail any discount for customer during this pandemic period?	a) Yes- 59 b) No- 41
If yes, what is the maximum discount availed for customer during this year of pandemic?	a) Less than 5%- 14 b) 5 to 10%- 39 c) 10 to 20%- 6 d) More than 20%- 0

Table 10: Comparison of Discounts Allowed to Customer

Observation	Pearson Chi-Square Value	d.f	Significance at 0.05 (2-sided)
Discount allowed to customers	3.7392	1	Not Significant
Rate of Discounts allowed to customers (Less than 5%, 5% to 10%, 10% to 20% and More than 20%)	4.4164	3	Not Significant

Discount offers are the strategies which differ with respect to different internal management policies of the business. Some retail business offered discounts to customers at fixed rates and some did not offer any discounts. Some big retails offered huge discounts of more than 20% where some offered lesser rate of discounts. Comparing the total amount of discount offered to customers by the retail stores, no significant statistical difference was found between the pre-pandemic period and during the pandemic period $\{X^2 (1) = 3.7392, p<0.05\}$ (Table 10). Comparing the rates of discounts offered to customers by the retail stores, no significant statistical difference was found between the pre pandemic period and during the pandemic period $\{X^2 (3) = 4.4164, p<0.05\}$ (Table 10).

It was observed from the study that there was no significant difference in discount offers and discount rates between pre-pandemic period and during the pandemic period. Although offering discounts to customers had decreased due to pandemic but this change of discount offer between pre-pandemic and during pandemic period was not significant.

PART B: Analysis of Responses on Change in Spending Pattern:

Table 11: Change in Spending Pattern on Personal Care and Hygiene Products

| Observations	Response (N=75)
How much have you spent on personal care and hygiene product during lockdown?	a) Bellow Rs. 500- 18 b) Rs. 500-1000- 32 c) Rs. 1001-2000- 9 d) Above Rs. 2000- 16
How much was spent on personal care and hygiene product before lockdown?	a) Bellow Rs. 500- 26 b) Rs. 500-1000- 29 c) Rs. 1001-2000- 6 d) Above Rs. 2000- 14
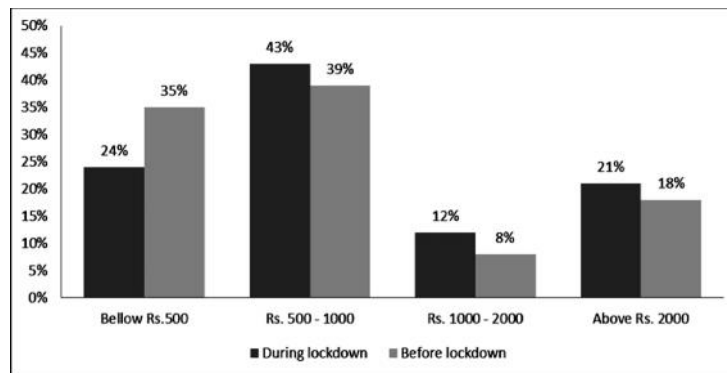
With the change in life style during lockdown, the spending patterns among women also changed. The above table and diagram shows that women spent more money in buying personal care and hygiene products during lockdown. Budget of spending bellow Rs. 500 in purchasing personal care hygiene product decreased to 24% during lockdown from 35% before lockdown, whereas spending money above Rs. 2000 on personal care hygiene products increased during lockdown from 18% to 21%. During lockdown 43% respondents said they spent on an average Rs. 500 to 1000 in buying personal care hygiene products whereas, before lockdown this percentage was low (39%). 12% respondents spent Rs. 1000 to 2000 on personal care hygiene products during lockdown whereas, only 8% used to spent that amount before lockdown.

Table 12: Change in Spending Pattern on Grooming Products

Observations	Response (N=75)
How much money is being spent on grooming product during lockdown?	a) Bellow Rs. 500- 52 b) Rs. 500-1000- 20 c) Rs. 1001-2000- 3 d) Above Rs. 2000- 0
How much money was being spent on grooming product before lockdown?	a) Bellow Rs. 500- 34 b) Rs. 500-1000- 27 c) Rs. 1001-2000- 9 d) Above Rs. 2000- 5
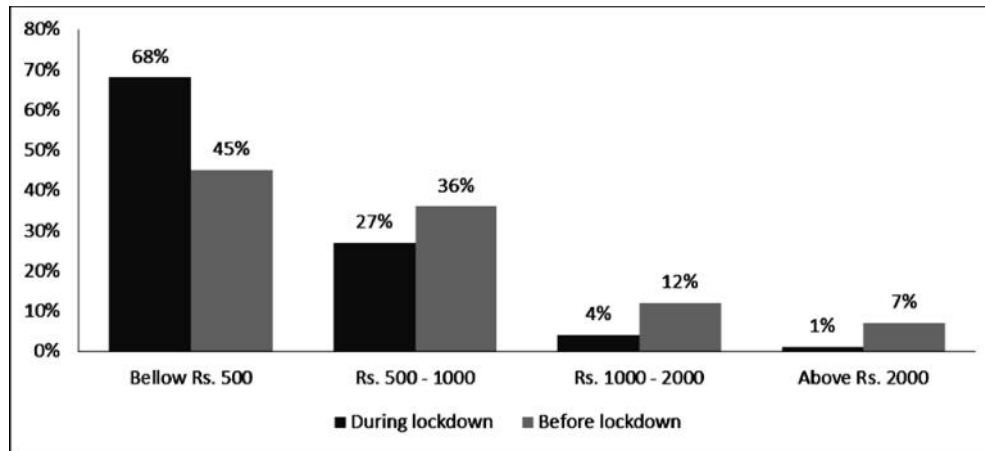
COVID pandemic taught every consumer the necessity of using hygiene products and spending their hard earned money judiciously. During the period of lockdown, most respondents (68%) kept their budget bellow Rs. 500 for purchase of grooming products. 27% respondents stated that they spent between Rs. 500 to

1000 on grooming products whereas, only few (4%) stated they spent Rs. 1000 to 2000 and only 1% reported having spent above Rs 2000 on grooming products during lockdown. Before lockdown it was observed that 36% used to spend between Rs. 500 to 1000; 12% used to spend between Rs. 1000 to Rs. 2000; 45% respondents used to spend bellow Rs. 500 whereas, only 7% used to spend above Rs. 2000 on grooming products.

Findings

The major findings of the study were drawn here after the preparation of analysis and interpretation. It was observed that during the period of lockdown most of the retail businesses were affected adversely. As a result retailers, especially from non-essential retail segments noticed that their monthly turnover reduced due to this unprecedented situation. The seasonal sale which used to remain high in some special months in the pre-lockdown phase even faced challenges this year because of the situation. Average monthly customers' visit to retail stores in the peak months were less as compared to previous years due to restrictions of human mobility across the nation. Discount offered to customers were not much significant to attract additional customers in the pandemic situation. With the passage of time, consumers became more conscious about allocation of their hard earned money in the most appropriate way. They were spending their money mostly in buying those products and services which were very essential in the pandemic situation. In this study, it was found that spending patterns among women also changed as they started spending their money more on personal care and hygiene products instead of grooming products. Among personal care and hygiene products, the most demanded items were sanitizer, hand wash, body wash, cleansers and other daily necessary products and most women in general avoided purchase of grooming products like lipsticks, nail pains, make up kits, eye liners and other luxury items.

Conclusion

Outbreak of COVID 19 pandemic had shattered the socio economic conditions of every country. It had a huge impact on every sector in the economy, retail business and even on life style of consumers. Due to the pandemic situation, the Government strictly restricted out of home activities and overnight lockdown had been imposed for checking of spread of virus. All the retail shops or stores, offices, super markets, departmental stores remained closed for a long period of time. Consequently it had impacted turnover, profits of every retail organizations, purchasing behavior and spending patterns of consumers. It was observed from the study that most of the retail businesses, especially non essential retail segments were adversely affected due to decline in monthly average turnover, less number of customers' visit to retail stores and less amount of money spent on it. As compared to previous year, in 2020 every retail business faced decreased turnover even in peak months. Less number of

consumers visited retail stores and the discount patterns were changed during the pandemic period. Demand of essential products like groceries, medicines, agricultural products, foods hygiene products etc. increased during the period of crisis. Consumers focused more on value based purchasing that they shifted their spending pattern from grooming products to personal care hygiene products. It was observed from the study that before the pandemic, consumers used to spend less money on personal care hygiene products but during pandemic they became more conscious of their health and hygiene and spent more money on hygiene products as compared to grooming products.

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