The impact of COVID-19 on Consumer Behaviour on spending pattern with respect to Mobile Phones and the impact of Anti-Chinese Sentiment towards buying of foreign brands

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ABSTRACT

COVID-19 pandemic has brought the world to a standstill. People are locked in their houses having a very low option to move out during the lockdown period. The objective of the study is to focus on the impact of COVID-19 on consumer behaviour towards the use of mobile phones and their view towards Made in India products. The consumption pattern of individuals might be altered due to COVID-19 as there is no knowledge of when everything will be resumed back to normal. A survey sheet was floated to collect individual data via responses using social media platforms, blogs and calls. These responses would provide data for further analysis to determine the outcome of the study. Hypothesis testing method is used for the data analysis and to interpret the results

Introduction

India is holding a prominent position in the global mobile market which can be further elevated. India has world's 20% consumers of cellphone and thus it has one of the fastest-growing markets for a smartphone. With the emergence of widespread adaptation of new technology in India, the demand for mobiles is ever increasing. According to the research, the demand can outcast the supply by as much as five times the local production.

In India, mobile phones are the most prominent medium for having access to the internet. Most consumers had their first use of the internet via mobile phones than on a laptop or pc. India is the second-largest market for mobile phones having more than 400 million smartphone users after China.

Taking everything into account, India has demonstrated to be a monster in the area of manufacturing mobile phones, both as a maker and a customer. With 1.3 billion individuals spread across a huge and primarily assorted geological region, the nation can draw upon a massive pool of HR and possible clients.

The current Indian Mobile market is dominated by foreign brands with more than 90% of the share being accounted for by imports. The Indian market can be segmented into various segments like low end, medium-end and premium mobile phones. About one-third of the mobiles sold in India lies in the range of Rs. 11000 to 18000. This segment holds a potential and has shown tremendous growth and would possibly grow in future.

The graph shows the Smartphone Market Share of Q2-2020. (Apr-Jun) The market is dominated by Chinese brands like Xiaomi, Oppo, Realme, Vivo. The other foreign brand dominating the Indian market is Samsung. Indian brands with other foreign brands are competing for the remaining 8%.
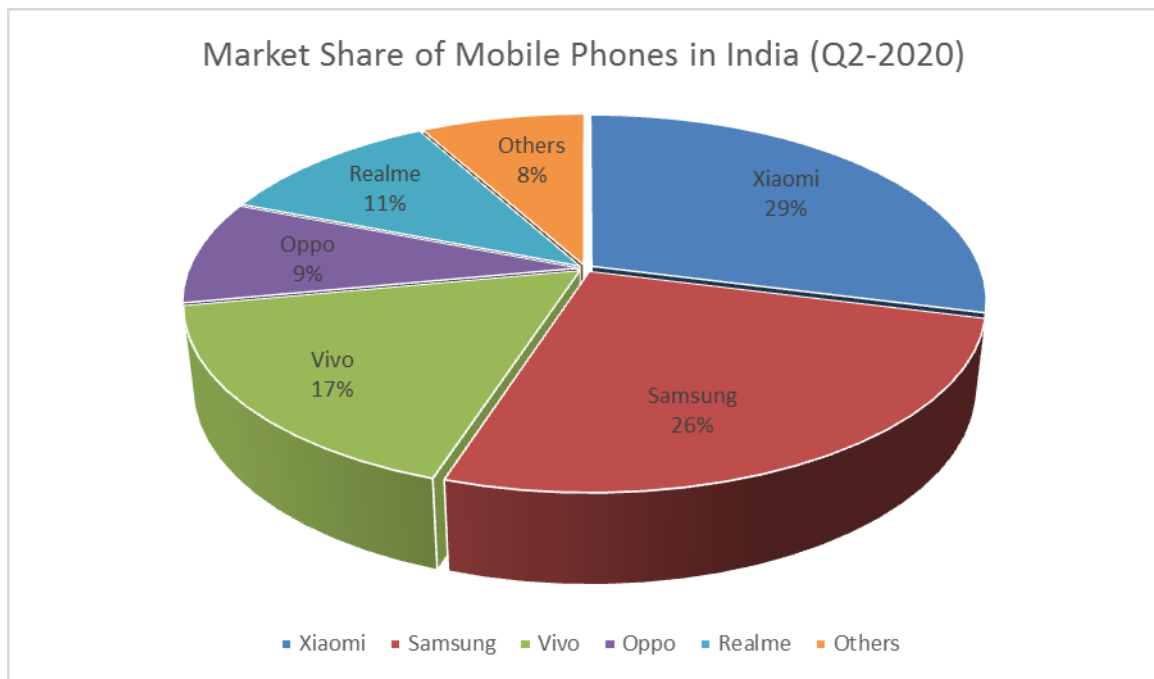
Figure 1. Market Share of Indian Mobile User by Various Companies (Apr-Jun, 2020)

In 2019, the central government begin designing a new policy to uplift the process of manufacturing to the next level and bring about a revolution in assembly and production. In 2020 March, India was hit by COVID-19 and these schemes were brought to a halt. By collaborating with other big players in the market the scheme was planned to be implemented.

After the pandemic of COVID-19, presumed to have originated from China, and Anti-Chinese Sentiment rose among Indians. These sentiments made China an antagonist and a revolution to boycott Chinese goods gained strength. The Indians are adamant to ban apps and boycott Chinese products which might affect the mobile phones market in India as the key players are Chinese companies. Also, the pattern of spending per handset might change based on availability and feature provided by other Non-Chinese companies. There is also a possibility of a reduction in imports from china or imposing a higher import duty on imports increasing the price. These uncertainties will further affect the consumer's behaviour and cause and change in buying/spending pattern.

Literature Review

The change in consumer behaviour and pattern has been affected due to COVID-19 pandemic and this has led to change in their daily habits. After the pandemic, the habits will reverb back to once the pandemic, the habits will reverb back to once they were but there would be some changes in behaviour and pattern of their lifestyle. (Jagdish Sheth et al, 2020). There would be an emergence of new habits, behaviours and changes in lifestyle owing to due to the emergence of new technologies and the consumer will cope and adapt to the once o suit him the best.

The emergence of the new pandemic is ought to occur every 10 to 50 years. Since the pandemic is not completely over, it cannot be implied what are the after-effects of the pandemic. Although being hit by pandemics in the past, each has a different social, economic and behavioural effects which linger throughout (Jorda O. et al, 2020). The pandemics shift the focus towards macroeconomic leaving out their implications on a microeconomic level. If the data towards microeconomic is made available, it will be able to better judge and make provisions as per the behaviour of an individual at ground level.

The global pandemic has led to the shutting of many businesses and led to an unprecedented time in economics of all sectors. All organizational functions are intended to prioritize and optimize spending or postpone tasks that will not bring value to the current environment. (Navenn D. et al, 2020)

Buyers' of the cell phone found all through the world enormously impacted by those various components influencing a cell phones buy choice. These components might be identified with the

attributes of the shopper and the highlights related to the mobiles. (Mesay Sata et al, 2013)

Amidst COVID-19, hoarding of goods was observed during the initial phase of lockdown due to the fear of supply chain being disrupted and production being stopped. The changes in consumer behaviour impacted the shops as well as their supplies in the process. The RANAS model and PMT are essential in understanding the human psyche during the pandemic and what causes the change in their behaviour. (Samuli Laato et al, 2020)

Objective of the Study

To identify the impact of COVID-19 on Consumer Behaviour on Spending pattern concerning Mobile Phones and the impact of Anti-Chinese Sentiment on buying of foreign brands.

Hypothesis and Explanation

Hypothesis:

1. There is a shift in the consumption pattern of mobile due to COVID-19 pandemic

The consumers have shifted their spending on essential like food, groceries and medicines, thus having limited capital left to spend on mobile phones. Further uncertainties related to the job and having very low or no income during lockdown would have affected individuals to spend less on mobiles and have encouraged saving in time of crisis. Also, since the people are locked inside their home, having no other option to interact socially with a physical presence, mobiles became a prime source of interaction with others. There is a significant change in spending on mobile phones due to COVID-19.

2. There is a change in brand perception and encouragement in buying Indian phones due to COVID-19

The pandemic has opened a new perspective of China among Indians. Apart from getting blamed for COVID-19, China was also blamed for violating LAC and trying to enter India through other means. This led to the boycotting of Chinese products and many individuals supported the claim of buying Local. The individual consumer is keener on buying mobile phones from any company apart from Chinese brands.

3. There is an increase in the purchase of mobile phones via Online platforms due to COVID-19

With the limitation to move out only for essential commodities and unavailability of mobile shops, the consumers are restricted to buying online. Further, individuals are redundant in moving out and the only option available to get things delivered is via an online platform. Also, buying other commodities like food and medicines have increased online which have further influenced individuals to have more option and buy mobile phones online too. Thus there is an increase in the purchase of mobiles via online platform during COVID-19.

Research Methodology

Population Profile

The population under consideration belongs to consumers in Metro, Tier 1 & Tier 2 cities.

Sample Profile

The population can be considered as a sample set for consumers belonging to service or manufacturing sector.

Questionnaire

1. Name
2. Gender
3. What is the brand of the phone you use? (**To check the origin of the brand**)
4. What is the range of the phone you use? (**To determine the spending capacity**)

Pre-COVID-19 Situation

5. In case of any major problem with your mobile phone, how much time would you wait to get a new phone? (The old phone is beyond repair but functional) (**To check the comfort in moving outside amidst COVID-19 and change in their behaviour later**)

COVID-19 Situation

6. During a scenario of Partial Lockdown, in case of any major problem with your mobile phone, how much time would you wait to get a new phone? (The old phone is beyond repair but functional)
7. Would you spend less to buy a mobile phone due to COVID-19? (**Hypothesis 1**)

Chinese Brand Assessment

8. Would you buy a non-branded phone over a branded phone with the same features and same price? (**Hypothesis 2**)

9. Are you willing to spend more for a Non-Chinese Manufacturer Phone over a Chinese Manufacturer? (same features) (**Hypothesis 2**)
10. Would you trade off your Chinese Manufacturer Phone for Non-Chinese Phone having inferior features, same cost & non-branded? (**Hypothesis 2**)

Online Platform Assessment

11. Have you ever purchased mobile online? (**Hypothesis 3**)
12. Would you prefer E-Commerce over the Physical shop in case of partial lockdown? (**Hypothesis 3**)

Data Analysis Tool

To examine the contents of the consumer behaviour, trace its changes and finally determine the accuracy of the hypothesis, Chi Square Test is performed using Excel. The data collected through the survey is converted into yes and no for the responses and test is performed for male and female respondent. The significance value of 95% with alpha value of 0.05 is selected for calculation purposes.

The number of respondents include 207 males and 105 females from various locations. This sample set can be represented as a subset of India as a whole for calculating and determining the output of the survey.

Hypothesis 1: Change in spending over mobile phones

Null Hypothesis: The consumers are likely to spend less to buy a new mobile phone

Alternate Hypothesis: The consumers are not likely to spend less to buy a new mobile phone

	Observed Frequency		Expected Frequency	
Responses	Males	Females	Males	Females
Yes	133	57	126.06	63.94
No	74	48	80.94	41.06
Total	207	105	207	105

The p-value for the above result is 0.0883 which is significant, as it is greater than 0.05.

Thus we can say that Alternate Hypothesis is Rejected and Null Hypothesis is Accepted.

Hypothesis 2: Change in attitude towards buying of Chinese phones

Null Hypothesis: The consumers did agree to buy Non-Chinese phones due to Anti-Chinese Sentiment

Alternate Hypothesis: The consumers didn't agree to buy Non-Chinese phones due to Anti-Chinese Sentiments

	Observed Frequency		Expected Frequency	
Responses	Males	Females	Males	Females
Yes	121	70	126.72	64.28
No	86	35	80.28	40.72
Total	207	105	207	105

The p-value for the above result is 0.854 which is significant, as it is greater than 0.05.

Thus we can say that Alternate Hypothesis is Rejected and Null Hypothesis is Accepted.

Hypothesis 3: Change in Online buying of mobile phones

Null Hypothesis: The consumers did show an increasing pattern of online buying of mobile phones

Alternate Hypothesis: The consumers didn't show an increasing pattern of online buying of mobile phones

	Observed Frequency		Expected Frequency	
Responses	Males	Females	Males	Females
Yes	124	51	116.11	58.89
No	83	54	90.89	46.11
Total	207	105	207	105

The p-value for the above result is 0.0566 which is significant, as it is greater than 0.05.

Thus we can say that Alternate Hypothesis is Rejected and Null Hypothesis is Accepted.

Conclusion

Based on research and survey conducted, observations were made which responded in conclusion to the argument that the COVID-19 pandemic has altered the spending pattern of consumers. The thought process of individuals has been altered due to uncertainty and insecurity of the current situation. The encouragement towards saving has boosted and led to low spending towards unessential products like Mobile phones. The observations also show a rise in Anti-Chinese

Sentiment and Swadeshi has promoted Indians to buy Indian brands over Chinese or Foreign brands. The research also shows the increase in procuring products through e commerce platforms. The lack of availability of goods nearby and e commerce being the only medium to buy products during lockdown increased the usage of online platforms for buying mobile phones.

Limitations

The survey was conducted through online medium and the responses were from those with access to internet and well educated. The lower income group of the strata have been exempted from the survey. The survey was conducted in July 2020, thus the preference would have changed as the individuals were on Work from Home and schools were not operating during that period. The sample size is also limited and complete sentiment may vary from whole population.

Scope for Future Research

The research could be further conducted and can be linked with other segments related to FMCG and medicines to determine actual trend and change in perspective due to COVID-19 and its impact on Consumer Behaviour.

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