

Post Pandemic: Study of Consumers & Economy Sentiments

Conducted in August 2022

Post Pandemic:
Consumer Behaviors
& The Indian
Economy

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He has been associated with CVoter as **Head of the IT division**. He has been entrusted with the responsibility of handling all the software and IT assignments of the CVoter and our clients.

Growth of Indian Economy

- Post Independence: In the last seven decades, the successive democratic governments which came to power in the country followed economic policies with an objective to achieve rapid economic development.
- This resulted in significant milestones and reforms in many areas like rise in income levels, growth, literacy, life expectancy and a wide variety of other economic indicators.
- There was also a decline in unemployment rates and the head-count ratios of income poverty.

Arrival of Covid 19 Pandemic

- Then came the COVID-19 pandemic in the first half of 2020. Like all the other countries, India enforced strict nationwide lockdown starting March 25, 2020.
- All non-essential services and businesses stayed closed during this period and all means of travel were stopped.
- At the time, this was the most far-reaching measure undertaken by any government in response to the pandemic and till date remains the world's biggest lock-down in context of this disease.

Devastating Delta wave

- In February end 2021, India got hit by the largest COVID wave. This wave caused a rapid surge in cases and deaths
- It took lacs of life and the nation was heavily paralyzed by all means.
- This forced several states to impose complete or partial lockdown

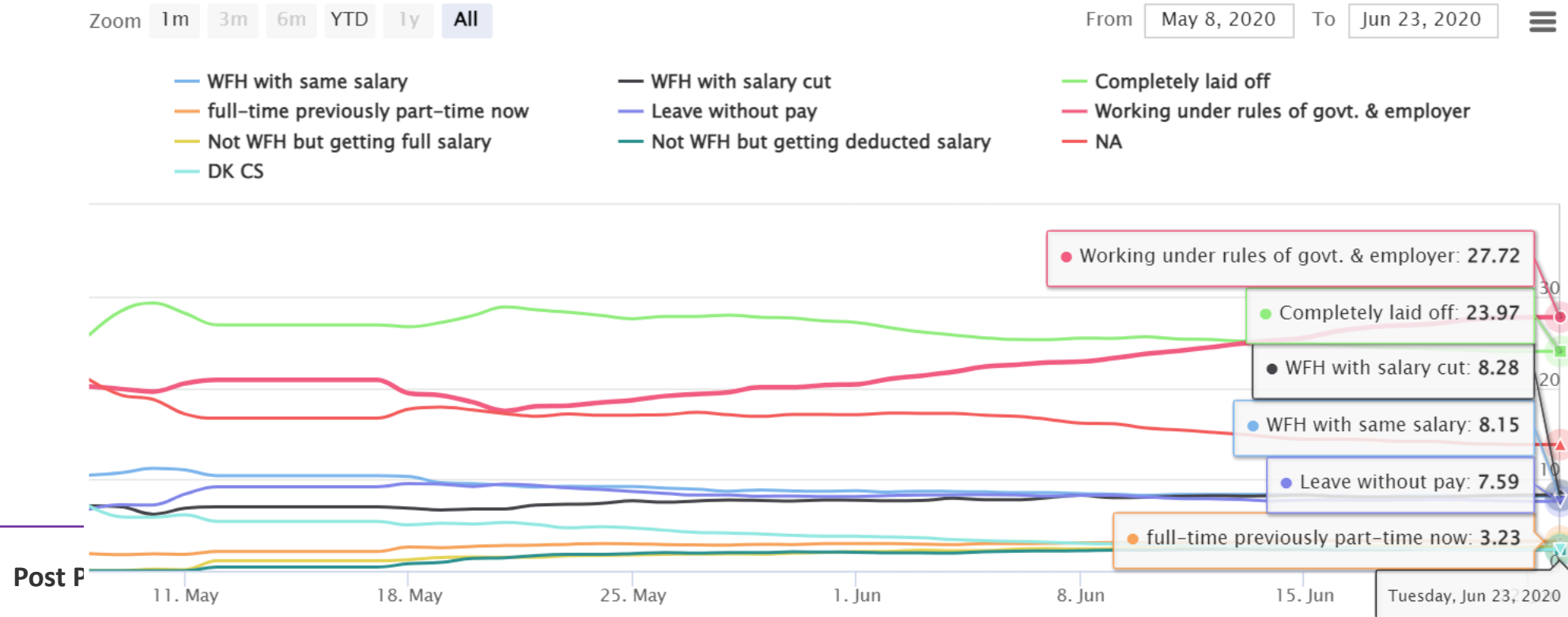
Economic Impact on India

- The unprecedented lock-downs had a significant adverse effect on the economy. Millions of jobs and livelihoods were at stake, as activity around the country came to a halt, with no job or income.
- Majority of the countries closed their national borders bringing international trade and commerce to an abrupt halt.
- At the same time, there was a complete collapse of consumption demand as millions of people stayed home and postponed their non-essential expenditures.
- This crisis also came at the time when India's GDP growth was slowing down, and unemployment was on the rise owing to poor economic performance over the last several years.

Economic Impact on India

- Unemployment rate during the lockdown was increased and this is reflected in our daily tracker data.

IMPACT OF LOCKDOWN ON ME OR MAIN EARNER IN MY FAMILY



Economic Impact on India

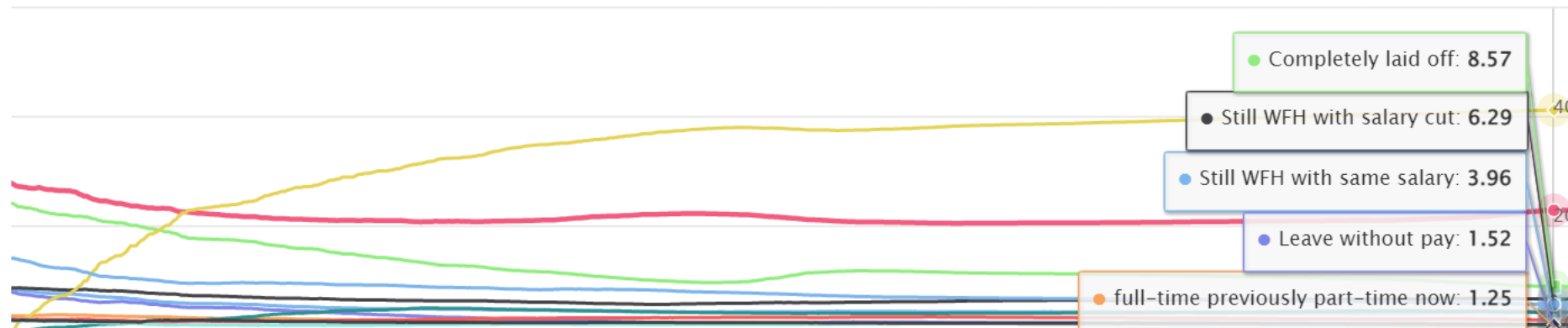
- But after unlocking started, unemployment rate decreased and this is reflected in our daily tracker data.

IMPACT OF UN-LOCK ON ME OR MAIN EARNER IN MY FAMILY

Zoom 1m 3m 6m YTD 1y All

From Jun 24, 2020 To Apr 21, 2022

- Still WFH with same salary
- Completely laid off
- Leave without pay
- Working under safety measure & salary cut
- Not WFH but getting full salary
- NA
- Still WFH with salary cut
- full-time previously part-time now
- Working under safety measure & same salary
- Working under safety measure & no salary
- Not WFH but getting deducted salary
- DK CS



Economic Impact on India

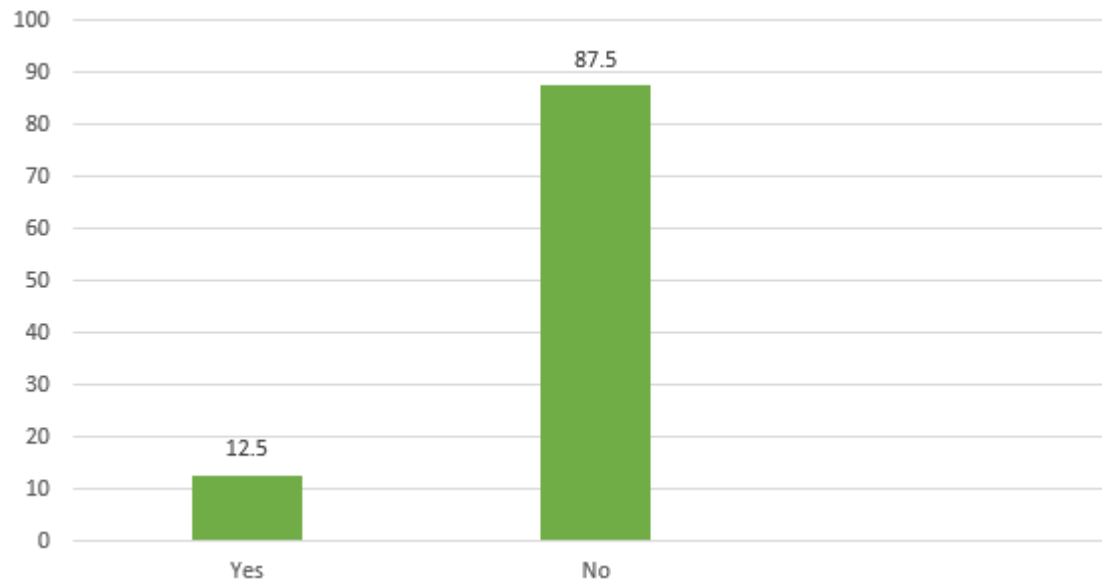
- Moreover Government's Food Guarantee program was effective.
- Among businesses, the MSME sector was hit the most by the national lockdowns. Their supply chain was disrupted, and they were adversely affected by the exodus of migrant workers, restrictions in the availability of raw materials.

C-Voter Study

- ❖ To understand the impact of COVID-19 on consumer spending patterns, C-Voter conducted a survey in August 2022.
- ❖ This research found that post pandemic, consumers faced a decline in their buying powers.
- ❖ The post-pandemic period created an inflection point that led people to reassess their priorities and needs.
- ❖ From expensive consumer durables to vehicles and other non-essential items, there has been a massive dip in demand.

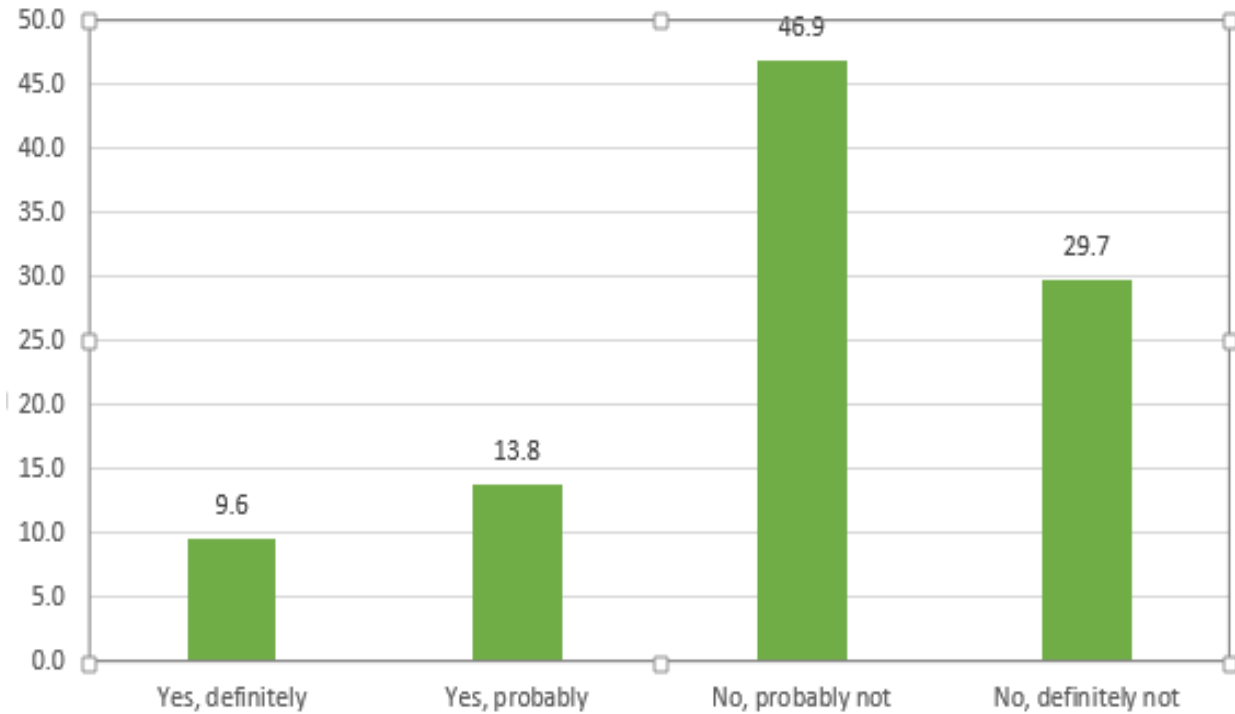
Impact on consumer spending

In one of the questions respondents were asked: Have they brought a new smartphone or LED TV or some other expensive gadget since January 2022.



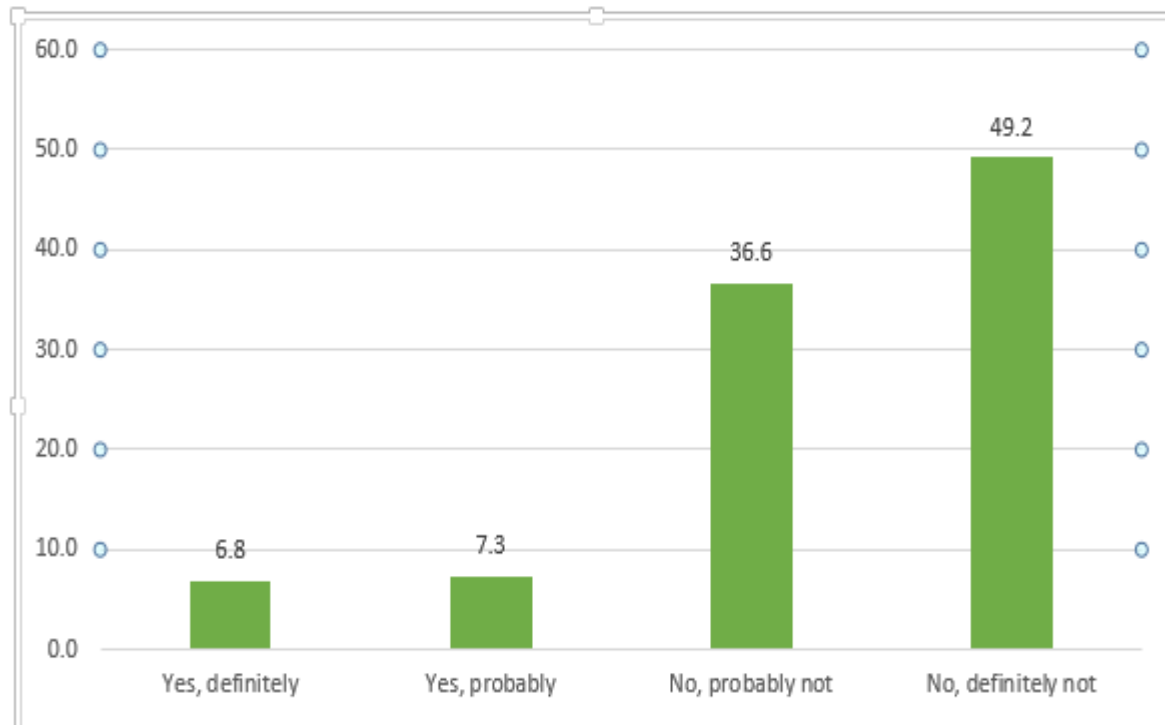
Impact on consumer spending

On been asked whether they plan to buy one during the festive season.



Impact on consumer spending

Consumers were also not optimistic on buying vehicles. In a similar question about two/four wheelers, 50 percent said they have decided on not buying one in near future.

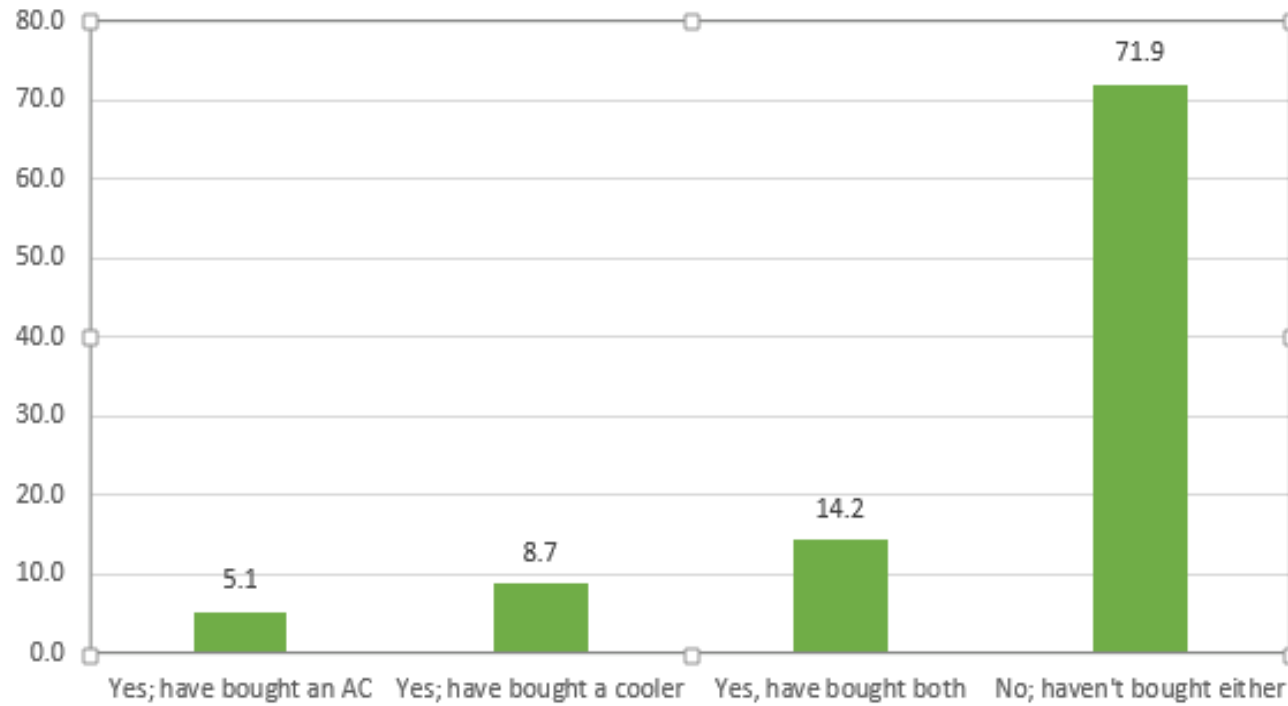


Impact on consumer spending

- ❖ Further, with expected travel limitations and economic concerns in the future, a new normal emerged where consumers focused more on buying essential items (must have goods) while cutting back on luxury, travel, and fashion merchandise (good to have goods).

When consumer were asked whether they have spent money in buying non-essential goods such as AC or cooler this year, 71 percent said No.

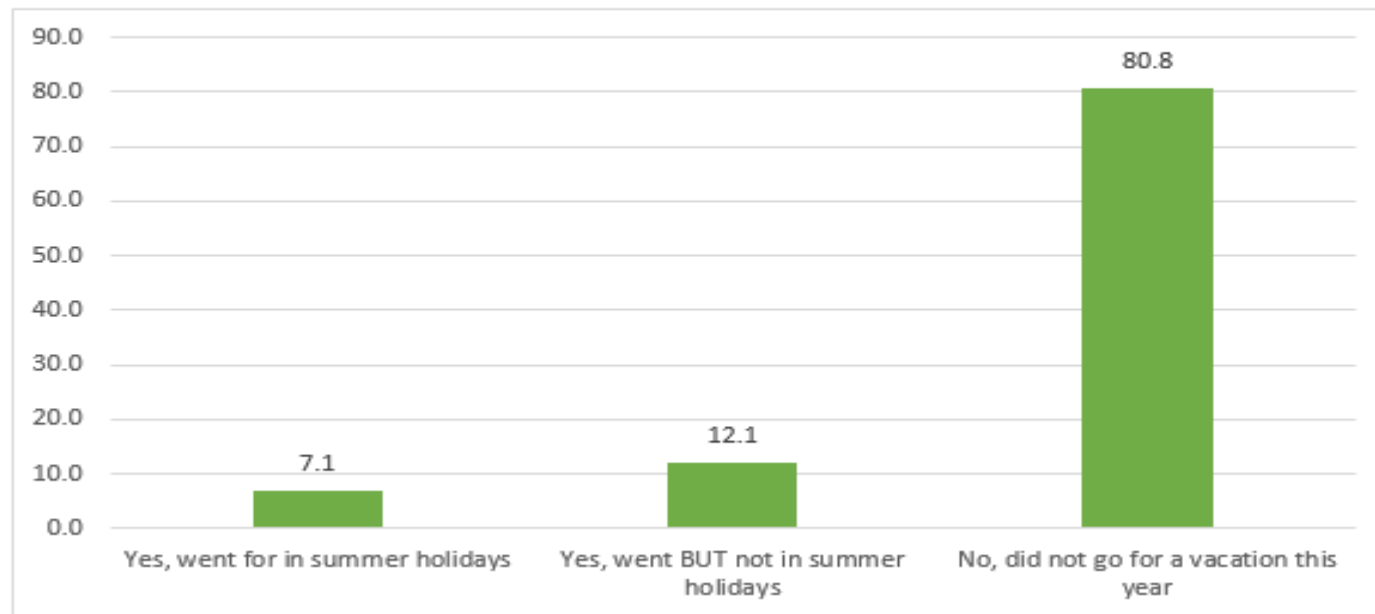
Impact on consumer spending



Impact on consumer spending

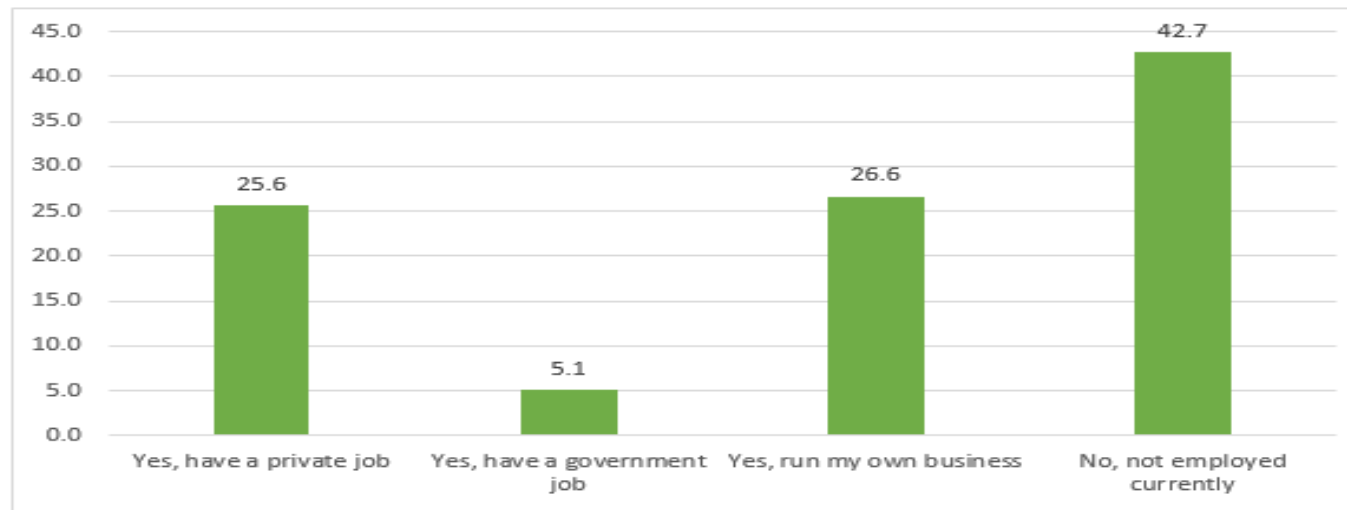
- ❖ The change in consumer behavior has also impacted family's spending on vacations and outdoor trips. this may attributed to reduction in income and increase in essential expenses.

Did you and your family go on a vacation during the summer holidays this year?



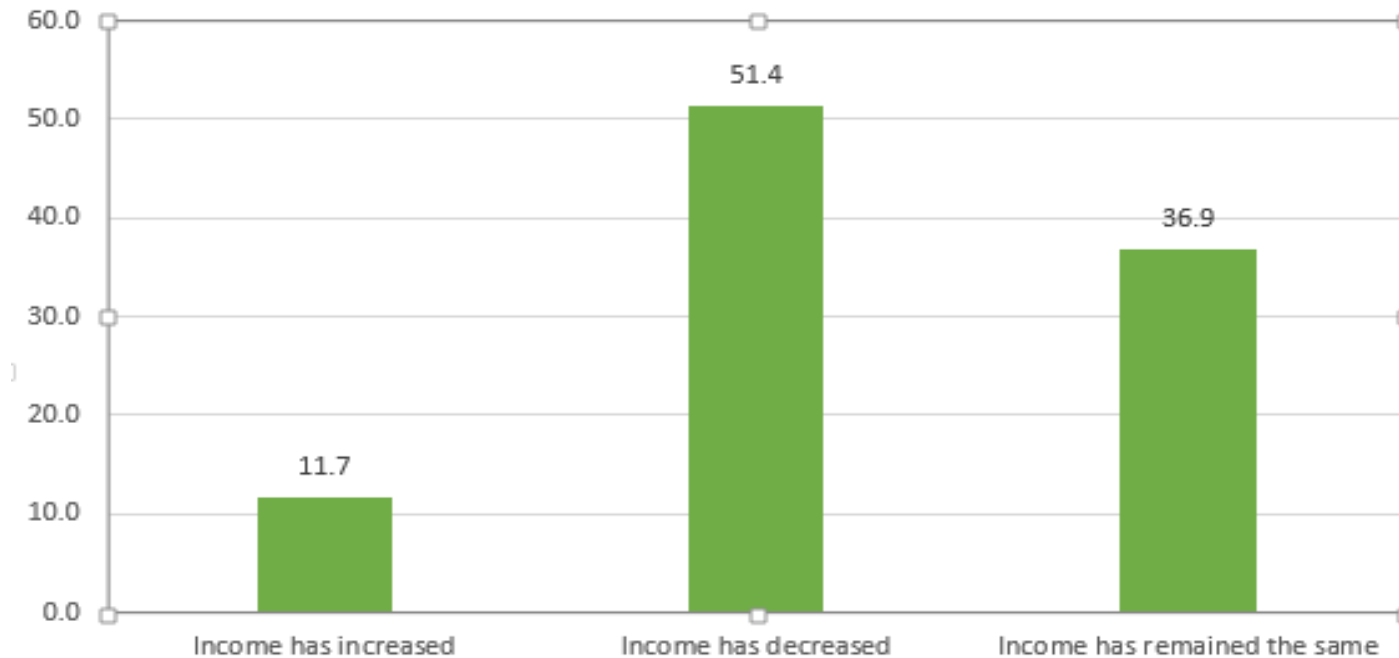
Decreasing purchasing power

- ❖ The study tried to understand the reason behind this changing consumer behavior. COVID-19 had a catastrophic impact on income generation. Jobs were lost, and many of those who had one, had to face pay cuts or low increments.
- ❖ In one of the questions, respondents were asked about their current status of employment. A worrying 43 percent of the respondents said they were still unemployed



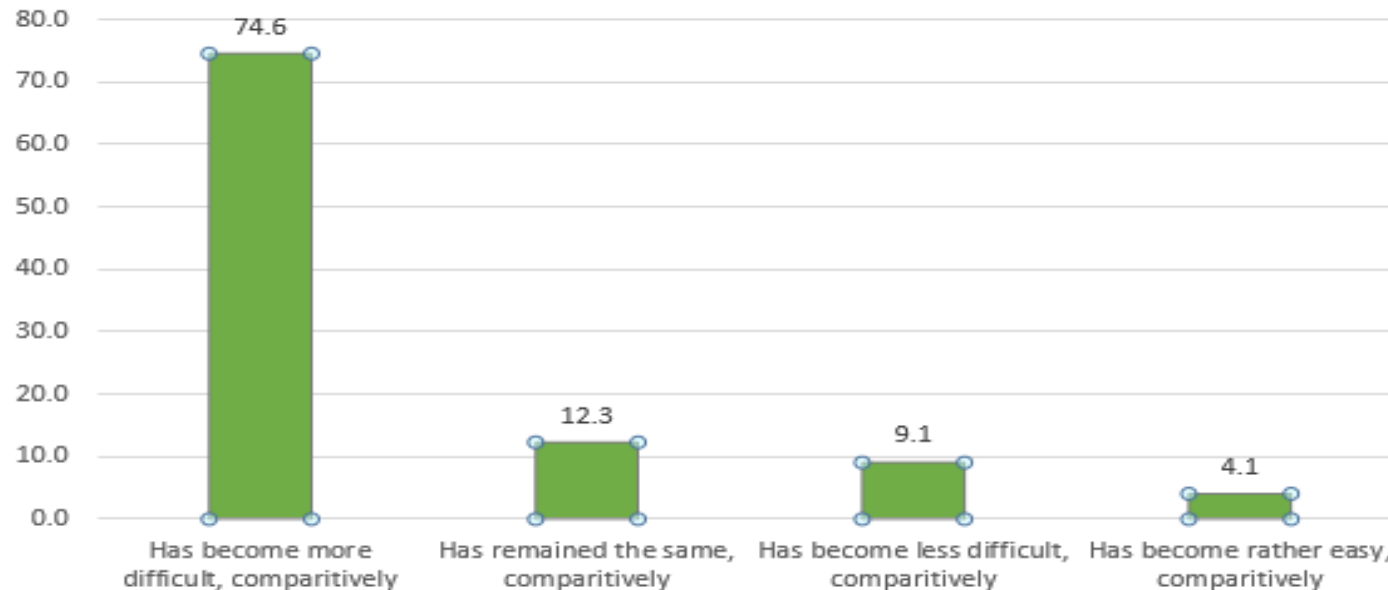
Decreasing purchasing power

- ❖ Even those who have jobs have to face a drop in their wages. More than 51 percent of the respondents said that their income has decreased.



Impact on consumer spending

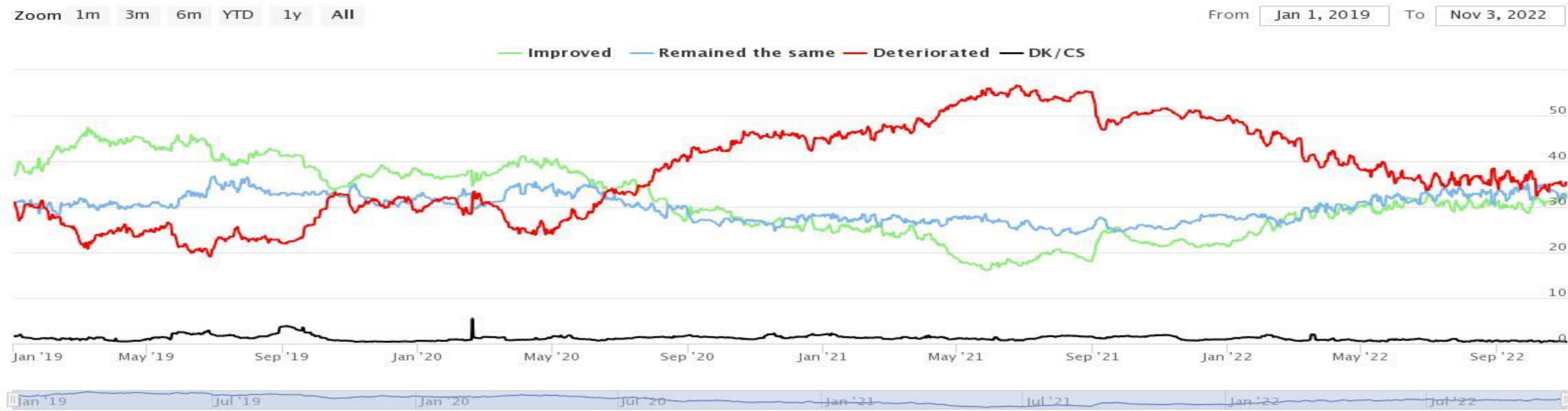
- ❖ On one hand, we saw a reduction in employment opportunities and wages, on the other hand the cost of goods kept on increasing. This, as mentioned above forced consumer to reassess their priorities and needs.
- ❖ On been asked whether they had faced any changes in managing their household expenses, three out of every four respondent said it has become more difficult.



Optimism sentiments

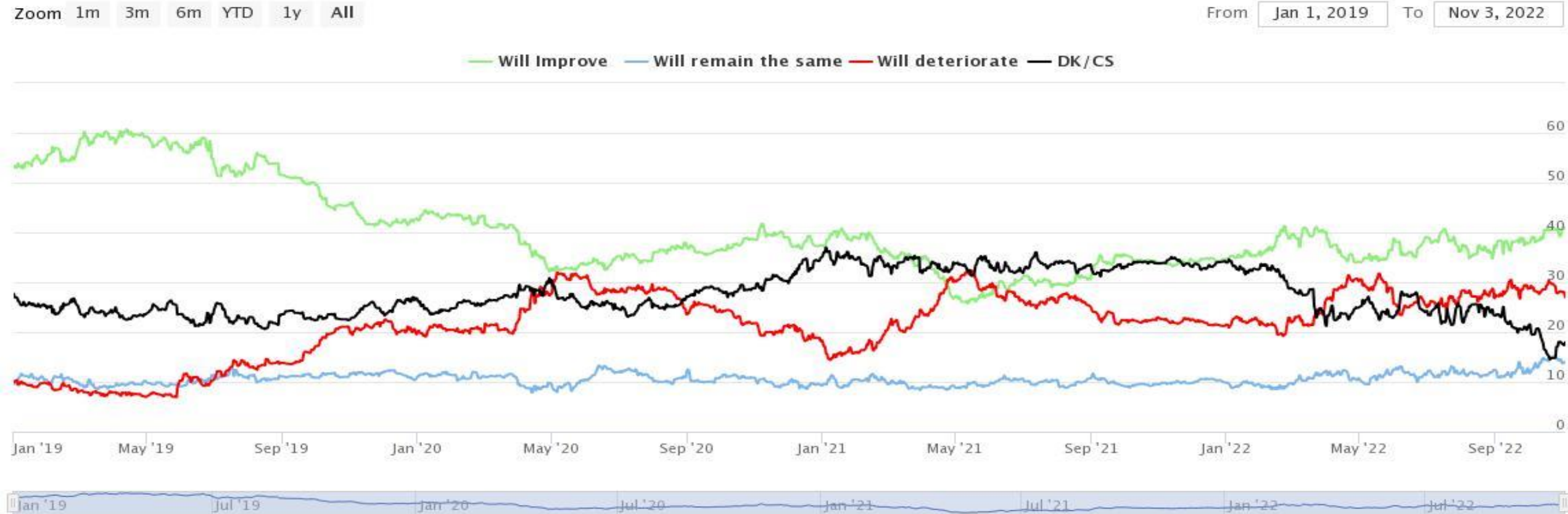
- ❖ India is eternally optimistic country. Despite all the troubles, optimism sentiments are always high.

In last one year your living standard–



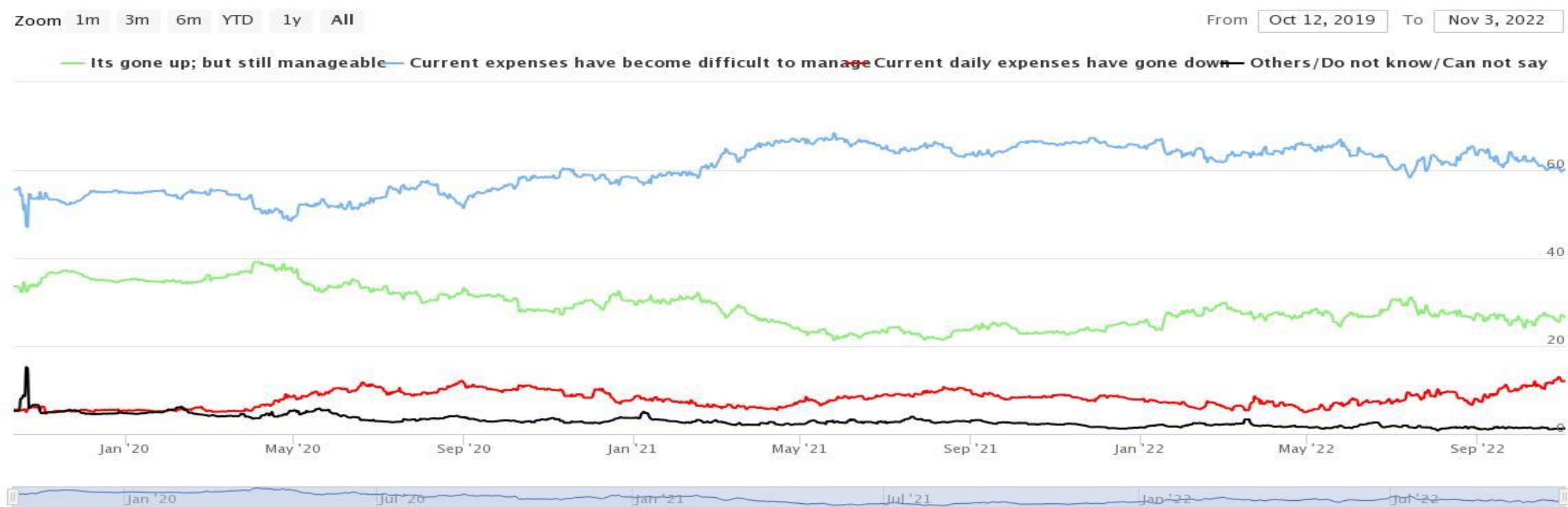
Optimism sentiments

Do you feel that in the next one year , your living standard-



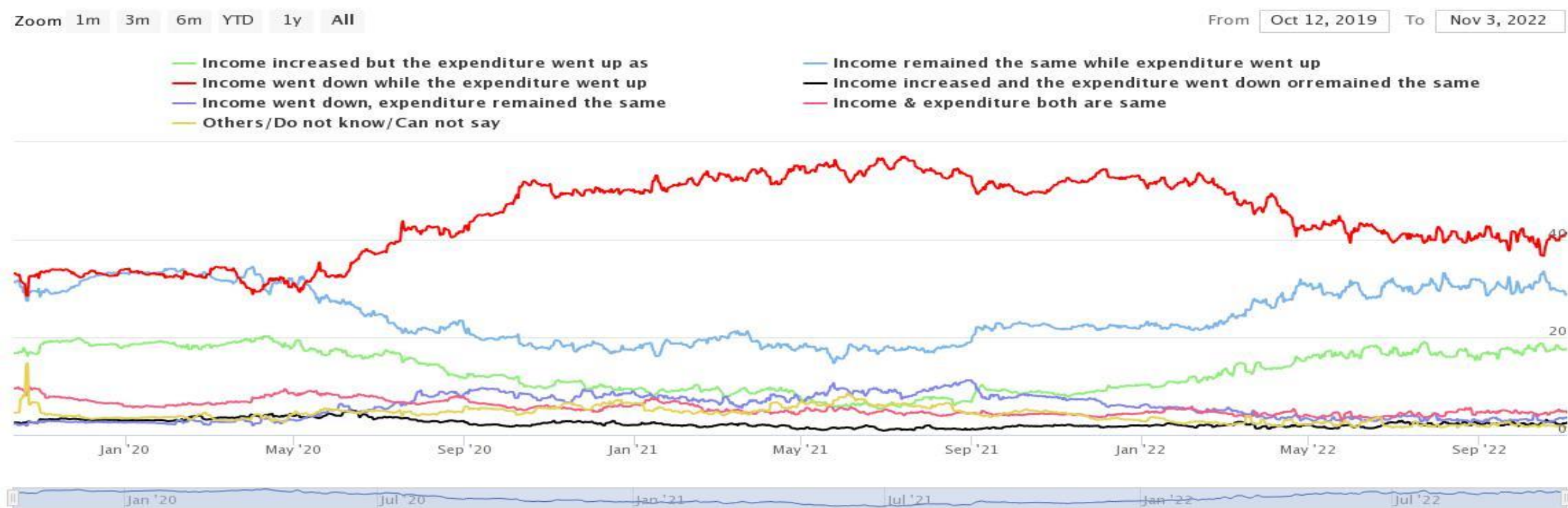
Optimism sentiments

❖ If we look about consumers able to manage their expenses.



Optimism sentiments

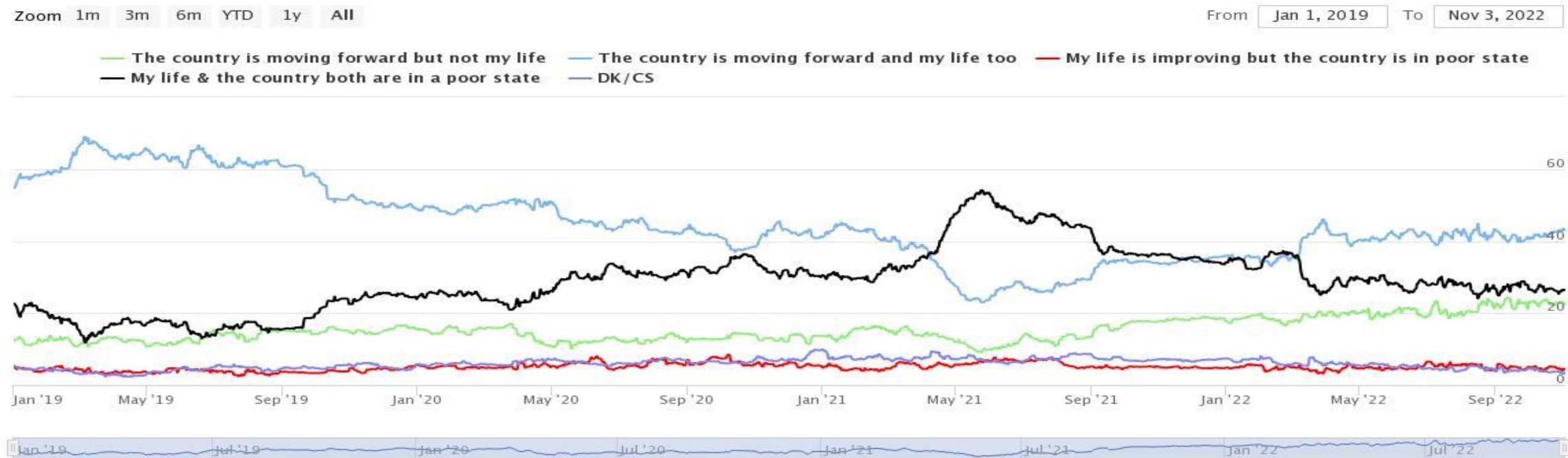
❖ On the front of income versus expenses.



Optimism sentiments

❖ Where is the country heading?

What are your views about today's India ?



The Flip Side

- ❖ More focus on savings and equity investments.
- ❖ The research makes it clear that consumer behavioral pattern has seen a change post pandemic. Consumers are spending more on essential items, while keeping non-durable items on non-priority list.
- ❖ But on the other hand, equity market data shows that, as many as 48 lakh Demat accounts were opened during the July-September quarter of the financial year 2022-23. In the post-pandemic world, the number of demat accounts have jumped 2.2 times.

Conclusion

- ❖ This ongoing shift continues to impact market demand and consumption patterns. The upcoming months will play a significant role in defining the next period for the market transition.
- ❖ The question is whether the sustainability trend will still change or whether the change that we have been witnessing in the markets will be a lasting structural change.
- ❖ We still don't know whether we will return exactly to the way we were in 2019, but even if we couldn't we could call the direction that we're heading towards as an evolution.

Thank You!

Questions welcome..

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