



Marketing Management

Elixir Marketing Mgmt. 145 (2020) 54689-54692

Elixir
ISSN: 2229-712X

Millennial Consumer Spending During Current Normal Situation

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ARTICLE INFO

Article history:

Received: 30 June 2020;

Received in revised form:

4 August 2020;

Accepted: 14 August 2020;

Keywords

Consumer Spending,

Millennials,

Post lock down.

ABSTRACT

The current situation has caused the consumers, a great deal of either self-restrained or government restrained spending situation. The paper is aimed at tapping the pulse of millennial consumer's on spending. Around 150 millennials were surveyed and we found out that consumers are still unwilling to spend on purchase of non-essentials commodities despite the lockdown easing. They are buying essential goods at kirana stores. Forced savings have occurred and Revenge buying is expected in the current normal situation. **'This study was conducted soon after the lockdown situation was eased for the first time after a rigid closure in the entire country'**.

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Introduction

The current crisis of the lockdown is no doubt having a big effect on the incomes of a lot of people, but it is also having an effect on their spending. The inability to move around, buy things they need, the constant restraint towards spending due to lack of confidence in buying the non-essential commodities is definitely having a psychological impact on the millennial minds. Consumer behavior is expected to see a shift towards greater awareness of hygiene, risk aversion related to spending, avoiding gatherings. It is expected that consumers will seek convenience through comfort food. (Ohri, 2020). At the same time, it is expected that consumers will seek convenience through comfort food and a heightened interest towards natural or nature based products. Second, movement restrictions are expected to continue, and these will sometimes be dynamic. This may mean sudden shutting down of a certain market or specific supply chain disruptions due to new cases in part of the supply chain. Third, cash flows are expected to be restricted. This will be true, not only for companies but also their suppliers, dealers and consumers. (Ohri, 2020).

The concept of forced savings (Rowena Crawford, 08 Apr 2020) has evolved in the world. Consumer is only buying the essentials and all the wants that were satisfied earlier are no more priorities today. We are talking about the spending on a movie ticket, a restaurant, on clothes, gadgets, get together with friends and family during weekends. As someone who advocates saving money, you might think ending the month with more cash than usual would make me feel good (Barrett, 8th April, 2020). Almost half of spending (47%) goes on essentials like groceries, housing costs and utilities, where spending is harder to cut back. (Rowena Crawford, 08 Apr 2020). 74% consumers in India in red zones not inclined to spend on non-essentials post lockdown (IANS, 74% consumers in red zones not inclined to spend on non-essentials post lockdown, 2020). the lock down and forthcoming economic crisis have shifted the consumer behaviour graph in such a way that it will reduce prodigal spending and make us more pocket friendly, self-reliant and independent (Chopra, 2020). The weekend expenditure is no

more logical to the millennials. They are happy in their current zones of no eating out, physical socializing etc..

The richest household would spend far more as a proportion of their total spending on eating out and taking holidays (20%) than the poorest fifth (12%), richer households may effectively be forced into additional savings over this period. (Rowena Crawford, 08 Apr 2020). Middle class or lower middle class people have only their savings as their support system right now which is continuously perishing. In the future when situation normalizes they will first refill their savings and then they are going to fulfil their wants (Chopra, 2020). Consumer confidence has remained at record lows and consumers are still unwilling to spend despite the lockdown easing, as hopes fade of a quick economic bounce back. (Vizard, Consumers still unwilling to spend despite lockdown easing, 2020). Discretionary spending has taken a massive hit as consumers are deferring non-essential purchases due to the uncertainty caused by the spread of coronavirus (IANS, 74% consumers in red zones not inclined to spend on non-essentials post lockdown, 2020). Another important reason to quote here is the layoffs and salary cuts. Consumers no longer like to spend on non-essential purchases and would desire to save for the unexpected worse situation in need arises. While the governments have begun to flesh out what our post-lockdown world will look like, and as it proposes provisional dates for getting different parts of society back to a 'new normal', consumers are just not buying into the plans. Nothing has changed. They are still not feeling confident. (Vizard, Consumers still unwilling to spend despite lockdown easing, 2020). 74 per cent consumers said they are in no mood to spend on anything other than essentials post lockdown (IANS, 74% consumers in red zones not inclined to spend on non-essentials post lockdown, 2020)

5 per cent said they would buy gadgets like laptop, printer, tablet, mobile etc., while another 5 per cent said they will buy office/school supplies like stationary, mobile accessories, books etc. A total of 4 per cent said they would buy white goods & appliances like AC, cooler, refrigerator, grinder etc., 1 per cent said automobiles

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(car/scooter), 6 per cent said home furnishing & supplies while 2 per cent said fashion & apparels. At least 3 per cent said they will spend on other non-essential items. As many as 74 per cent consumers said they are in no mood to spend on anything other than essentials post lockdown. (IANS, 74% consumers in red zones not inclined to spend on non-essentials post lockdown, 2020). The expenditure on food, TV DTH, recharge of mobile phones, monthly EMI's, fees of children's schools/colleges and all other regular expenditures are taking place (Chopra, 2020).

What spending has come down ?

As it is increasingly becoming clear, COVID-19 is likely to have a long-term impact on multiple aspects of life, even beyond the lifting of restrictions for at least 12 months (Ohri, 2020), Spending had tumbled on wants. No transport or commuting, no restaurants, and certainly no drinks or meals out, no beauty treatment eating out, and going on holiday and no Friday night dinner in our favorite restaurant and no online shopping either (Barrett, 8th April, 2020). The sale of chicken or meat related products has declined by 60% although there is no direct connection between coronavirus and meat (Chopra, 2020). According to an estimate, 41% of global consumers have delayed vacations and holidays (Chopra, 2020) .74 per cent consumers said they are in no mood to spend on anything other than essentials post lockdown (IANS, 74% consumers in red zones not inclined to spend on non-essentials post lockdown, 2020). Lockdown has made people self-reliant and independent. All of them have become lockdown chefs. When situation normalises, it can likely be the case that people can spend their Sunday's cooking and watching movies at home (Chopra, 2020). The data is obvious enough to understand the vulnerable consumers who may have the ability to spend but there is lack of willingness for sure.

Spending on what has gone come up?

Spending on retail purchases made in shops situated at the minimum distances from our homes, the same shops that we had in a way abandoned due to attraction of super-specialty stores. Consumer expenditure for essential goods at kirana stores has increased by around 40 per cent (IANS, 2020) since the announcement of the nationwide lockdown, a report by Snap Bizz. the spurt in per person expenditure can be attributed to panic or advanced buying along with the fact that more people staying and cooking at home, thereby pushing up food sales. Challenger bank Revolt also recorded large increases in online gaming transactions (up over 100 per cent month-on-month), a 156 per cent increase for online card retailer Moon pig, a 21 per cent boost in transactions for Amazon and a small increase in subscriptions to streaming services Netflix and Spotify (Barrett, 8th April, 2020). Post the lockdown relaxation, when it comes to services, people will spend most on air conditioners, fridge, appliance repairs, home repairs and salon/beauty services (IANS, 74% consumers in red zones not inclined to spend on non-essentials post lockdown, 2020). Skype, zoom and other video conferencing apps have replaced the need of travelling (Chopra, 2020)

Lockdown has increased the propensity of people to indulge in substance abuse or "stress busters" like cigarettes, alcohol (Chopra, 2020). As more people come out of quarantine, there could be a spree of "revenge spending" (Shelley Singh, May, 02, 2020) at least among those who can splurge but could not because of lockdown. Revenge spending refers to an over indulgence in retail therapy by

consumers who have missed shopping at their favorite outlets due to the lockdown. Long queues, fueled by revenge spending sprees, have been seen outside outlets of brands such as Apple, Nike, Gucci, Estée Lauder and Lancôme, among others, in Chinese cities (Shelley Singh, May, 02, 2020). Preference will shift to standalone stores. Health and safety are going to be the primary differentiators (Online, 2020). Millennials in particular are likely to indulge in revenge buying to make up for not being able to purchase during the lockdown (Online, 2020)

Soaps, sanitisers, masks are indispensable right now. Earlier, buying soaps or carrying sanitizers were considered "wasteful" and "not important". Coronavirus has changed this mindset. In the coming days, masks, sanitisers are going to be travel buddies of people. (Chopra, 2020). Consumers have turned into freaks when it comes to safety and hygiene.

What should the marketers do? What strategies should they adopt to woo these millennials?

A survey of more than 35,000 consumers globally by Kantar found that just 8% thought brands should stop advertising. 75% saying brands should inform people of what they're doing and 74% thinking companies should not exploit the situation.

There is a high level of agreement that brands should use a reassuring tone, offer a positive perspective and communicate brand values. More than 50% also think brands should talk as they have always have done, while 50% think companies should talk about their own brand in a carefree and light way. 30% want to see brands offering discounts and promotions and Just 41% think brands should avoid humorous tones. For example, Ikea's communications focused on the importance of home and Nike's messaging around the current need to stay indoors are seen as supportive of government messaging and health organizations, while staying true to their brand values. (Vizard, 2020). The marketers need to pick up from here and communicate the right message that hits the minds and kills the vaccum in order to speed up the economy.

Due to the new norms, factories are on 30-40 workforce thereby putting pressure on the current stocks and availability in the market. The manufacturing companies should spike their procurements in a manner like never before by using modern technology of artificial intelligence to fasten their production by using minimal labor.

All companies will need to include new ways of working, profiling the most vulnerable part of the workforce (ones with co-morbidities and in a certain age bracket), Standard Operating Procedures (SOP) changes to start up, adequate training for people on the ground and ensuring adequate safeguards across key vendors and dealers. A central war room to coordinate multiple efforts will help companies plan from startup to scale up through labour, working capital and raw material availability. (Ohri, 2020)

Data Analysis and Interpretation

We have surveyed around 150 millennials to understand their willingness to spend. A questionnaire was designed and sent to the respondents through link of the google form.

Validity and Reliability of Data

Reliability test of data was carried out using Cronbach Alpha Test in SPSS.

Table 1. Reliability Statistics

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.931	.887	24

From the Table, it can be seen that Cronbach's alpha is 0.931, which indicates a high level of internal consistency for our scale with this specific sample.

Validity test was done using correlation analysis in SPSS. It was found that the Sig (2 tailed was 0.000) for all the questions. So the questionnaire compiled is valid.

Factor analysis was conducted using principal component analysis in SPSS to find out most important factors millennials give importance during opening up of lockdown.

Rotated Component Matrix (Factor Analysis)

Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 8 iterations.

From Table no. 02, following factors were found in the factor analysis which is statistically significant for millennial's buying behavior during current normal situation.

- consumers are still unwilling to spend despite the lockdown easing
- purchase of chicken or meat related products has declined
- Buy essential goods at kirana stores
- revenge buying to make up for not being able to purchase during the lockdown

From the above analysis one can come to know that millennial consumers are unwilling to spend on non-essential commodities despite the ease of lockdown. They are not in a mood to take chances in eating out, watching a movie, shopping in organized stores. The millennials believe that meat and other products that are sold unpacked are not hygienic so they don't consume chicken or meat related products. The millennials are running errands to buy essential products from kirana stores. The sales at these mom and pop stores have gone up as they are convenient and nearby. A lot

of millennials are prone for some revenge buying in the coming days as they miss their shopping all this while and due to the lockdown, they are waiting to shop for their favorite brands and items either online or offline.

Conclusion

We need the proverbial 'game changer', a vaccine is the best solution of course, big progress on effective treatments and a great leap forward in contact tracing and testing would help. But consumers are telling us clearly that there's a long way to go just yet. (Vizard, Consumers still unwilling to spend despite lockdown easing, 2020). The marketers should respond to changing consumer behavior. Given lockdown restrictions, the only way for consumer connect today is through social media. So the challenge with every marketer is to grab the social media and convert it into spike of sales. Companies will need to adapt strategies based on micro market level demand and sales data, utilize data to create central dashboards for business decisions. At the same time, companies will need to be agile in the way they respond to changing market dynamics. The companies should companies adapt their messages, sell smaller pack sizes, create new launches to appeal to the new customer reality. The crisis provides a great opportunity to look at digital transformation of the organisation across not only core operations but also support functions and utilising digital for new revenue through alliances. They will have to look at new opportunities for revenue through alternative channels and get new suppliers in order to de-risk the supply chain.

Recommendations

Online retailers should consider above factors identified while designing the online retailing strategy. Millennials will get irritated if website response is slow. So website and

Table 2. Rotated Component Matrix (Factor Analysis)

Rotated Component Matrix (Factor Analysis)	Components			
	1	2	3	4
convenience through comfort food at home	.465	.290	.145	.563
pocket friendly, self-reliant and independent	.173	.344	.265	.544
spend on non-essentials	.187	.233	.214	.705
revenge buying to make up for not being able to purchase during the lockdown	.021	.144	.173	.742
Skype, zoom and other video conferencing apps are adapted	.077	.611	.365	.305
home repairs and salon/beauty services	.085	.268	.638	.274
online gaming transactions	.016	.312	.694	.092
Public transport is avoided	.365	.465	.396	.261
Buy essential goods at kirana stores	.216	.089	.802	.249
no Friday night dinner in our favorite restaurant	.446	.056	.668	.202
chicken or meat related products has declined	.250	.673	.224	.128
can spend their Sunday's cooking and watching movies at home	.139	.649	.496	.153
They are still not feeling confident to spend.	.366	.610	.321	.167
forced savings, additional savings over this period	.411	.466	.272	.463
when situation changes they will want to fulfil their wants	.682	.156	.295	.209
still unwilling to spend despite the lockdown easing	.718	.354	.120	.235
streaming services Netflix and Spotify spending has increased	.562	.172	.457	.306
Zoom calls have replaced the need of travelling	.636	.189	.357	.356
"stress busters" like cigarettes, alcohol are bought on the rise	.252	.602	.156	.312
Expect empathy messages in advertisements	.427	.239	.202	.586
spree of "revenge spending"	.708	.218	-.091	-.022
Influenced by social media marketing	.533	.512	.307	.108
Lavish spending on masks, sanitizers and disinfectants	.490	.528	.207	.288
no online shopping	.210	.578	-.148	.263
Extraction Method: Principal Component Analysis.				
Rotation Method: Varimax with Kaiser Normalization.				
a. Rotation converged in 8 iterations.				

products should be easily seen on the website. Assurance of online financial transaction and confidentiality of data is also very important factor for millennials. Proper policy statements and secure payment gateways should be visible while transactions are done. Also in case of problems, staff should be easily accessible. Actual service should also be provided right the first time itself.

It is recommended that marketers should give importance to above factors to remain competitive in the market. As the millennials are more vulnerable to marketing campaigns, they can easily be lured by new offers by the competition. The study reveals so much about the vacuum created by the pandemic lockdown mode in the active minds of consumers that its going to be hard for the non essentials segment to build the right amount of confidence into the consumers so that they play an active role in the weeks to come. The future lies in the hands of the marketing campaigns which are suppose to instill the lost confidence in consumers.

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