

New Business Practices for Micro Enterprises in Kerala to Face the Changing Consumer Behaviour in Post Covid Period

¹Soorya. K. S., ²Dr. Kumari V K Shyni

¹Research Scholar, PG Department of Commerce and Research Centre, Iqbal College, Peringammala, Thiruvananthapuram, India

²Assistant Professor, PG Department of Commerce and Research Centre, Iqbal College, Peringammala, Thiruvananthapuram, India

Email - ¹sooryarakendu@gmail.com, ²kvkshyni@gmail.com

Abstract: This paper intends to study different ways for changes the transforming consumer behaviour using new business opportunities and practices in post Covid period. A lot of changes happened and is about to happen in the consumer behaviour due to Covid and related restrictions. Micro enterprises are those enterprises which are very much affected by this Covid pandemic situation. They are to be sustained for the growth of our economy. The study uses data from secondary sources and is based on detailed review of literature. The study reveals that how much important consumer behaviour is for micro business enterprises, how it gets changed, and how this complexity can be faced by using new opportunities and practices.

Keywords: Micro enterprises, Consumer behaviour, Post Covid, New business practices.

1. INTRODUCTION:

Any business can exist only if it has got enough customers who are satisfied. Businesses should always try to identify the customer preferences and needs. It determines their success and existence. How the consumers in a market are, decides how a business should be. Customer needs are the base for any business line or opportunity.

Covid 19 pandemic was a new experience for everyone. The lockdown and other restrictions made a lot of changes in each and every field of the world. This affected the consumer thinking and attitude towards buying and consuming of many products and services. Certain products got demand, but some had to be vanished off. Some businesses had to shut due to change in consumer behaviour. But, these situations also led to emerging of new business opportunities and practices.

Consumer behaviour refers to how any person or group accept and use any product or service in order to satisfy their needs and wants. The expectations, past experiences, present market situations; etc affects the consumer behaviour to change. Any change in this behaviour will affect the businesses either positively or negatively. It is also their psychology to accept and move forward with one product/ service or the other. The main changes happened are related to digital adaptation, mobility factors, method of purchase, health consciousness, etc. These situations forcefully lead to business transformation. Then only suitable products and services can be made available to satisfy consumer needs and wants.

By identifying new opportunities and by using different practices, any business can survive in this changing scenario. This study intends to analyze the transforming consumer behaviour in post Covid period and tackling it by using new business opportunities and practices.

2. OBJECTIVES

- To understand consumer behaviour and its importance in business
- To identify the causes for transformation in consumer behaviour
- To understand the changes in consumer behaviour resultant from Covid pandemic
- To study how the changing consumer behaviour can be faced by micro enterprises using new business practices

3. LITERATURE REVIEW:

- (Moorhouse, N., Tom Dieck, M.C., & Jung. T. 2017) explains the role of mobile devices and social media have led to a drastic change from traditional physically existing shops to online businesses. The study recommends the

use of Virtual reality, augmented reality in retailing. The study highlights the importance of understanding the consumer responses to emerging technologies and using it for developing such technologies.

- (Jo et al., 2020) conducted study among Korean citizens by gathering credit card details between January and June 2020 to find the changes in consumption. The consumptions types were classified in to education, travel, whole sale, retail, food, online purchase. The study found the gradual increase in online purchase for groceries and decrease in education, food and beverages and leisure sectors. The travel sector had the hardest hit by Covid – 19.

- (Mehta et al., 2020) identifies that common man term is a shared one after the outbreak of Covid pandemic and people have redirected their thought towards survival after this. This has to be triggered by the marketers by using strategies suitable to reach out to their customers.

- (Zahra, 2021) explains the post Covid opportunities as online business, innovating on a global scale, entrepreneurial orientation, integration of social and commercial missions. The study concludes that a creative destruction leading to great transformation in global business environment will occur and new opportunities will be opened to up heal the Covid impacts.

- (Chaudhary et al., 2020) assesses the impact of Covid – 19 in different sectors like aviation, tourism, retail, capital market, MSMEs, oil. The impact is worst on tourism. The online retailing will help to recover the respective sector. A great majority of migrant laborers couldn't find job during the period of strict restrictions. The study concludes that the message from Covid pandemic is that the Indian economy has to adopt sustainable models and environment friendly frameworks.

4. METHODOLOGY:

This study is qualitative in nature. This study uses secondary data from various sources. The method used is review of secondary data.

4.1 MICRO ENTERPRISES

Micro enterprises are those which have investment in Plant and machinery or equipment not more than Rs. 1 crore and annual turnover not more than Rs. 5 crore for both manufacturing and enterprises rendering services. (*What's MSME*, n.d.). Micro enterprises include Agro food based, textiles and garments, general engineering, service activities, wood products, cement products, printing and allied products, paper products, IT and others. (*Data & Statistics*, n.d.) They contribute about 29% to the GDP through its national and international trade (*MSME Industry in India – Market Share, Reports, Growth & Scope | IBEF*, n.d.). Micro enterprises are those which are very much helpful for any country to face its unemployment problems. They also contribute very much to the growth and development of a country, equalized distribution of income, standard of living of people etc. Promoting and protecting them is very much essential. (Bhuyan, 2016) have observed the importance of micro enterprises especially to ensure economic development which is equitable, balanced and free of gender disparity.

The Covid pandemic have been affected drastically in MSME sector. The sectors like hotels, textiles, food and export sectors had a huge effect due to this situation of pandemic. (Hariharan et al., 2021). (Menon, 2021) found that SSI had to face crucial time during pandemic and it was mainly related to lack of fund.

4.2 CONSUMER BEHAVIOUR

Consumer behaviour is that behaviour exhibited by people in planning, purchasing, and using economic goods and services. Consumer behaviour refers to the total process by which individuals interact with their environment (Walters, 1974). It is also the study of how individual, groups and organisations select, buy, use and dispose of goods and services, ideas or experiences to satisfy their needs and wants (Prof. Philip Kotler).

Consumer behaviour can be considered as a process by which they decide what to use, when to use, from whom to get, at what price etc related to any goods and services. It can be considered as the process of decision making by consumers as to their consumption pattern. It is how consumer behaves in the market place and the underlying motives for such behaviour.

NATURE OF CONSUMER BEHAVIOUR

- It gets influenced by various factors like design of product, packaging style, price etc
- Consumer behaviour changes frequently. It is not static and affects the preferences of customers
- Consumer behaviour varies between individuals. The preferences will be different for different consumers
- It varies from region to region. The taste, interest of people in one region and another can be entirely opposite at times
- The way in which a consumer demands for one product can be based on his/her living status and standard

- The income one earns will also influence his attitude as a consumer of different products or services

IMPORTANCE OF CONSUMER BEHAVIOUR IN BUSINESS

Every business has to identify the interest, taste, preferences of all their customers. This is an important aspect which decides the existence of business in the market. Not only that, it affects the growth and expansion, earning, etc of the entities. The importance of understanding consumer behaviour in any business can be enlisted as follows:

- **Grouping of consumers:** Each and every individual is different. So as their taste and preferences. Any business can group consumers who have similar way of behaviour. Then it will be easy to serve their needs.
- **Retention of Consumers:** The consumers can only be retained if their changing needs can be catered by using different business practices.
- **Development of marketing strategies:** Marketing enables the products to reach the customers. Here, the motivating factors which decide the buying behaviour are to be identified. Then only, appropriate product reaches appropriate consumers.
- **Facing the competition:** Competition in business is inevitable. How a firm overcomes it and wins the race is an important factor. For that customer retention is important which is possible only by satisfying them.
- **Innovations:** New products which are very much useful for any relevant situation is always an added advantage for existing businesses. New businesses can emerge with strong market share is possible through research and development of innovative products.

CAUSES FOR TRANSFORMATION OR CHANGES IN CONSUMER BEHAVIOUR

(Abdellatif Abu Auf et al., 2018) identified the role of price, motivation, perceived culture importance, religious orientation towards consumer buying behaviour. There are various internal and external factors that influences the way how any individual decides his/her consumption pattern. These factors can also be classified as (Małgorzata Łatuszyńska et al., 2012) cultural factors, social factors, personal factors, psychological factors, marketing mix. Any change happening in these will lead to change in consumer behaviour. Some factors which cause transformation in consumer behaviour can include:

- **Availability of product:** Consumer prefers those products which are easily available. They start using new products if usual ones become unavailable.
- **Quality of product:** Customers always evaluate the quality of products that they use. They never compromise in the quality of product. When they feel any decrease in the quality, they start thinking about a substitute product.
- **Change in financial status and living standard:** The improvement in financial status by way of increase in income will change people mindset to go for more standard products than their regular ones.
- **Crisis faced:** Any kind of crisis; which can be financial, health related etc changes the attitude towards many products that were regularly used. The health consciousness will make to think about using more hygiene products. The cash crisis will lead to using of cheaper products.
- **Product loyalty:** The loyal feeling that people have towards many products never made them to choose another option. This is a psychological factor related to the comfort and satisfaction.
- **Government decisions:** Availability of certain products will be affected by government regulations and decisions. This lead to transformation in consumer behaviour.

All these are some of the main reasons. We can find inter relation between all of these causes. They are interdependent also. The influence of one factor leads to another.

CHANGING CONSUMER BEHAVIOUR AND HOW TO FACE THEM BY MICRO ENTERPRISES IN KERALA

As the Covid pandemic broke out, it led to all of afore mentioned factors to influence the consumer behaviour. The new experiences which are useful, easy and comfortable will last even after this pandemic situation.

(Swiss Re Institute et al., 2020) identified and classified the major areas of behavioural changes as a result of Covid pandemic as digital adoption, health consciousness, mobility factors, purchase behaviour, interpersonal behaviour. The detail discussion is as follows:

- **Digital adaptation:** The Covid pandemic and related restrictions made people to be tied under self-boundaries. The social distancing made people more attached to their mobile and digital devices. Internet ruled those days of lockdown. People prefer more products and services online than offline due to all these restrictions and after effects. (*COVID -19 Impact: Kerala Goes Online, 30% Rise in Internet Usage*, 2020) Has reported 30% increase in internet usage especially for entertainment. This can be tackled by using online websites, YouTube channels, social media sales, online sales by businesses. Any firm can start websites for their businesses which is not costly. These have

got wide reach and can go beyond any boundaries. This is the case for businesses dealing with physical products. Now what for services? It's not at all a problem. The services like consultancy and advisory services, education services, medical services etc are possible by using online platforms. Any construction company can market their building plans by using 3D visuals. Augmented reality (AR) / Virtual reality (VR) are suitable for various products like vehicles, interior designing products etc. Likewise the infinite opportunities of internet technology can be used for any kind of products and services.

- **Health consciousness:** The pandemic situation made people to be so conscious about the personal and public hygiene. All are well concerned about wearing of masks, using sanitizers and soaps etc. But one thing to be noted here that, all these can be made at home with less expense. It is a new business opportunity for micro enterprise, especially for women at home. Any one, with very less amount of investment can start a business in this. It is very much suitable for women at home to do these businesses which help to earn some money by their own with less effort.
- **Mobility factors:** After the lockdown and movement restrictions, travelling from one place to another has been limited by individuals except for essential purposes. The preference for job has been shifted to online and work from home, otherwise remote working. This has to be considered by businesses while engaging employees at work. Patients are more comfortable to consult their doctors either by phone or through online meetings. Entertainment business can be delivered through 3D, AR, VR experiences. These are the new business practices.
- **Purchase behaviour:** This has transformed a lot. Preference has been shifted from offline shopping to online shopping. Consumers are more satisfied if they get all their necessities at their doorsteps. This has to be tackled by providing online shopping facility, door delivery, accepting online payments or cards, providing credit facilities etc. These are not a much expensive way to attract and maintain consumers by micro enterprise. Many micro enterprises in Kerala have started their own websites and mobile applications for the same.
- **Interpersonal behaviour:** Social distancing, one of the preventive mechanism for Covid made people to be in distance by heart. The relationship among people in society has reduced. This can be tackled by providing various gaming, entertainment facilities. This is a new business opportunity. Event management companies can use this opportunity. Social meetings, competitions etc can be are a very good option. This can be provided as an additional offer by businesses to their customers. This can attract more customers also.

CONCLUSION:

From the study we can understand how much important the consumer behaviour and its changes are for the existence and growth of a business. So, every firm should try to track the changes happening to the interest and needs of their customers. Based on the Covid pandemic scenario, a micro enterprise can adopt suitable ways and means for dealing with customers. Accordingly, they have to adapt themselves to the new practices and try out new opportunities.

REFERENCES:

1. Moorhouse, N., Tom Dieck, M.C., & Jung. T. (2017). Technological Innovations Transforming the Consumer Retail Experience: A Review of Literature. In T. Jung & M. Claudia tom Dieck (Eds.), *Augmented Reality and Virtual Reality - Empowering Human, Place and Business*, Springer, Forthcoming.
2. Jo, H., Shin, E., & Kim, H. (2020). Changes in Consumer Behaviour in the Post-COVID-19 Era in Seoul, South Korea. *Sustainability*, 13(1), 136. <https://doi.org/10.3390/su13010136>
3. Mehta, S., Saxena, T., & Purohit, N. (2020). The New Consumer Behaviour Paradigm amid COVID-19: Permanent or Transient? *Journal of Health Management*, 22(2), 291-301. <https://doi.org/10.1177/0972063420940834>
4. Zahra, S. A. (2021). International entrepreneurship in the post Covid world. *Journal of World Business*, 56(1), 101143. <https://doi.org/10.1016/j.jwb.2020.101143>
5. Chaudhary, M., Sodani, P. R., & Das, S. (2020). Effect of COVID-19 on Economy in India: Some Reflections for Policy and Programme. *Journal of Health Management*, 22(2), 169-180. <https://doi.org/10.1177/0972063420935541>
6. Małgorzata Łatuszyńska, M. A., Fatimah Furaiji, F. F., & Agata Wawrzyniak, A. W. (2012). An Empirical Study of the Factors Influencing Consumer Behaviour in the Electric Appliances Market. *Contemporary Economics*, 6(3), 76. <https://doi.org/10.5709/ce.1897-9254.52>
7. Walters. (1974). *Organizational Behavior - Human Behavior at work*. Tata McGraw Hill, New Delhi.
8. Abdellatif Abu Auf, M., Meddour, H., Saoula, O., & Halim Abdul Majid, A. (2018). Consumer buying behaviour: the role of price, motivation, perceived culture importance, and religious orientation. *Journal of Business and Retail Management Research*, 12(4).

9. Swiss Re Institute, Puttaiah, M. H., Kiran Raverkar, A., & Avramakis, E. (2020, December). *All change: how Covid - 19 is transforming consumer behaviour*. Swiss Re Institute. <https://www.swissre.com/institute/research/topics-and-risk-dialogues/health-and-longevity/covid-19-and-consumer-behaviour.html>
10. *Consumer Behaviour: Meaning, Process, Types, Buying Motives and Factors*. (n.d.). Businessmanagementideas.Com. <https://www.businessmanagementideas.com/consumer-behavior/consumer-behaviour-meaning-process-types-buying-motives-and-factors-marketing/17980>
11. Chetana, M. R. (2020). FACTORS CAUSING TRANSFORM IN CONSUMER BEHAVIOUR DURING COVID - 19 PANDEMIC - A STUDY. *INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY EDUCATIONAL RESEARCH*, 9(12(8)).
12. *What Is Consumer Behaviour?* (n.d.). Clootrack.Com. https://clootrack.com/knowledge_base/what-is-consumer-behavior/
13. *What's MSME*. (n.d.). MINISTRY OF MICRO, SMALL & MEDIUM ENTERPRISES, GOI. <https://msme.gov.in/know-about-msme>
14. *Data & Statistics*. (n.d.). <https://Industry.Kerala.Gov.in/Index.Php>. <https://industry.kerala.gov.in/index.php/data-statistics>
15. Hariharan, A., Thomas, S., & Viswanathan, P. K. (2021). Impact of COVID - 19 on the performance of Micro, Small and Medium Enterprises (Msmes) in India - A Case Study in Kerala. *Annals of the Romanian Society for Cell Biology*, 25(4). <https://www.annalsofrscb.ro/index.php/journal/article/view/4667>
16. Bhuyan, U. (2016). A Study on the Performance of Micro, Small and Medium Enterprises (Msmes) in India. *Global Journal of Management and Business Research: A Administration and Management*, 16(9), 105–114.
17. Menon, S. (2021). Effect of Covid-19 on Small Scale Industries with Reference to Ernakulam District. *Turkish Journal of Computer and Mathematics ...*, 12(12), 26–28. <https://www.turcomat.org/index.php/turkbilmomat/article/view/7256>
18. *MSME Industry in India – Market Share, Reports, Growth & Scope | IBEF*. (n.d.). Www.Ibef.Org. Retrieved January 25, 2022, from <https://www.ibef.org/industry/msme.aspx>
19. *COVID -19 impact: Kerala goes online, 30% rise in internet usage*. (2020, March 27). Mathrubhumi. <https://english.mathrubhumi.com/money/money-news/covid-19-impact-kerala-goes-online-30-rise-in-internet-usage-1.4647514>