

IMPACT ON USAGE OF NATURAL PRODUCTS DUE TO COVID-19: STUDY OF CONSUMER PREFERENCE

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Abstract

Natural products and their ingredients have been a part of our lives for centuries before getting over powered by the use of various chemicals in our day to day products. But the trend has come back with consumer preferring to buy products that are made up of natural ingredients. This has been happening since more than a decade now which has forced brands to enter the segment of natural products. In the beginning of 2019, the entire world was hit by COVID-19 pandemic. A viral infection that has so far taken the lives of millions of people across the globe. Since this infection is new, there is a very little knowledge about how to fight it. Scientists all over the world have been trying to find ways in which human beings can fight this infection. This pandemic has brought about major change in the markets specially if we talk about India. Many studies have proven that many natural ingredients have medicinal properties and play a very important role in boosting the immunity of humans overall. Ever since the pandemic hit India, it is believed that the consumption of natural and ayurvedic products has increased immensely since people are inclining towards ayurvedic solutions to keep themselves safe from infection. This study aims to find out whether the pandemic has affected the consumption of natural products and which brands are being preferred by the consumers when it comes to natural. The study uses descriptive research design with primary data as the mode of data collection. Survey of 115 people was conducted from West Delhi region belonging to the age group of 20-50 years.

Key words: Brand Preference, Consumer Behaviour, COVID-19, , FMCG products, Natural

Introduction

The last few years have been witnessing an increasing concern of people towards environment. People are now more educated and informed about how the environment is getting depleted. All these environmental issues are making humans take their health seriously. People are now more focussed on what they are consuming. Unhealthy foods are getting replaced by healthy foods. Importance of exercises and workouts is gaining recognition again. These changes are not just limited to the lifestyle of people but also to the overall products that people are using. As consumers, people are slowly and gradually inclining towards using nature-based options. The belief behind this transition is that anything which is derived from plants or basically is natural, is good for their overall health.

This significant change in the consumer preference of the people has somewhat prompted changes in the market. In order to keep in pace with this change, foods with several health benefits are being promoted in the market and are being widely chosen by the consumers. This change in the consumer

buying patterns has made the legacy brands like Himalaya Drug Company and Dabur increase their sales drastically and have encouraged new brands like Patanjali Ayurveda Limited to enter the market and popularize Ayurveda like never before.

On December 31, 2019, several patients were admitted to the local hospitals of Wuhan, China, with symptoms of pneumonia linked to a common infection in the wholesale market in Wuhan. Alarmingly, the investigation reports indicated a new strain of coronavirus with unknown aetiology that had spread globally, which forced the World Health Organization to declare it a pandemic in March 2020, which was named coronavirus disease 2019 (COVID-19). In order to contain the infection, countries worldwide have resorted to nation wide lockdowns and restricting movement of people. This move by the governing authorities all over the world has to some extent slowed the speed of infection. Another step that countries encouraged people to take was to eat healthy and boost their immunity.

The pandemic; COVID-19 has led to a global recession with almost all the industries getting affected and the case is no different with the FMCG industry. Till the first quarter of 2020, the FMCG sector in India was seeing a dynamic growth but the scenario changed as soon the country was hit by infection and government imposed much needed nation wide lockdown. The lockdown went on till June and so did the decline in the FMCG industry. It is a globally accepted fact that novel coronavirus is not going anywhere and our approach and way of living has to be altered according to the infection. Naturally, so will the way businesses work. Because of new norms like social distancing, the local retailers too are facing tremendous loss as people are now shopping online for groceries as well.

When we talk about the FMCG industry on a whole, it is divided into three major segments; Food & beverage, Healthcare and Household & Personal care segment. Although in the second quarter of 2020, all the segments of FMCG industry has seen loss but soon after that, Household & Personal care segment has somewhat seen an upward trend as consumers are now looking for products that improve their personal hygiene such as soaps, disinfectants, toilet cleaners, sanitisers, wipes, kitchen cleaning equipments etc. Other segments such as the healthcare and Food & Beverage segments are still facing downward trend and the situation doesn't look it it's going to change anytime soon.

In the last week of April 2020, Nielson came out with the growth forecast of the FMCG industry and it states that the entire FMCG sector was going down by 5-6% and the reason for the same is coronavirus pandemic. The report further stated that because of unprecedented trends in the market, the downward trend is expected to further go down.

"Keeping these unprecedented dynamics in the market, Nielsen has revised its outlook and is expecting the year to be in the flat growth range (-) 1 per cent to 1 per cent for branded FMCG industry in India, as against a 5-6 per cent growth projected earlier this year," said Nielsen.

Having said this, there are certain changes that have been observed in the sales and consumer perception in the FMCG industry. In our country, India, people resorted to consumption of nature-based products for improving their health. Consumption of nature-based ingredients like ayurvedic herbs has been a part of our culture since millions of years ago and although this trend has been around the market since a couple of decades, the consumer preference has drastically moved towards the nature-based products ever since the pandemic hit us. Consumers in India, have increased their

consumption of natural ingredients with a view of boosting their immunity so that they can fight the virus. Many brands this year have introduced new products that claim themselves to be enhancing immunity. It won't be wrong to say that natural ingredients do have properties that make them very beneficial for consumption and since our country is considered to be a home of various ayurvedic herbs, people here already have an inclination towards them and hence in the time of pandemic, they have opted for these herbs to protect themselves.

In a report, Ministry of Ayush also claims that the demand and supply of healthy nature-based food supplements and immunity boosters have increased across the country as people are now moving from curative medicine to proactive and preventive health care. Consumers now are focussing on long term immunity boosters and hence their preferences have now changed. A major FMCG conglomerate; Himalaya Drug Company has confirmed that during the period of lockdown in India, there has been a significant increase in the sales of immunity boosting products that mainly constitute of Guduchi, Tulsi, Ashwagandha among other herbs.

Review of Literature

An article in Invest India talks about the statistics and explains that in 2017, the global Ayurvedic market was valued at \$ 4.57 Bn and by 2026, it is expected to reach \$ 14.62 Bn, growing at a CAGR of 16.14 per cent through the forecast period. Because of this upwards trend, India is in limelight as the largest producer of Ayurvedic raw materials. As herbal medicines become mainstream in many developed countries, India can emerge as a strong market leader for herb-derived drugs and dietary supplements. This trend is increasing at a fast pace because of the pandemic. For example, the sale of turmeric has drastically increased since March including other ayurvedic herbs as well.

A report by Food Industry Executive titled, "Effects of COVID-19 on the Natural Products Market" states that the number of consumers who preferred natural products before the pandemic started has tremendously increased with more and more people transitioning towards nature-based products. Further, the report mentioned that this transition has created a great opportunity for the retailers to show support and promote more and more natural products in order to retain the new shoppers as loyal natural product consumers.

An important shift in natural product sales has been to more online sales — from about 3% of dollars spent per buyer in late January to about 15% in late April. For the month after peak stock-up, online sales continued to have double-digit growth, while other channels experienced less growth.

World Health Organization report of 2020 says, The lack of treatment options for COVID-19 has raised many concerns among populations worldwide, which has led to many attempts to find alternative options to prevent the transmission of the disease or to alleviate the progression of the infection, including focusing more on preventive measures (to prevent transmission to other individuals) and the use of natural products and herbal extracts to increase immunity and decrease the probability of getting infected.

Historically, the use of natural products was known to be the only treatment method against many infections and diseases. Also, natural products were used to enhance the immune system and are still widely used nowadays, mainly without the need for a prescription.

An article in Business Standard talks about how the COVID-19 pandemic has affected the consumer preference and increased the sales of nature-based products in the market. according to the article it is especially after the Prime Minister during one of his speeches encouraged the use of Ayurvedic products o boost immunity.

Major FMCG companies like Himalaya Wellness and Dabur have had drastic increase in the demand for their nature-based ayurvedic products like Chyawanprash, Honey, Giloy etc. Owing to this increase in popularity, Dabur has recently launched an immunity kit. When it comes to Himalaya, the increase in demand has been in particularly in the Pure Herbs range that includes Guduchi, Amalaki, Tulsi etc. If the statistics by Himalaya are to be considered, the FMCG conglomerate has seen the maximum spike in its hand sanitizer range that has natural ingredients.

Euromonitor International; the market tracker states that this pandemic has brought about a drastic change in the lifestyles and preferences of the consumers as they are now inclined to the nature-based products more than ever. This change has been mainly towards the ayurvedic medicines and natural herbs that help in boosting immunity with the idea of combatting the virus.

A Google India report, 'What is India searching for: Insights for Brands' highlights the fact that in the wake of the COVID-19 pandemic, consumers were increasingly searching for the “best of” whatever they were looking for. The report also shows a huge jump, of 500%, for searches related to health and healthy products, especially for those that supposedly boost immunity. Searches for vitamin C were up over 150%, as were searches for herbs with medicinal properties like Giloy (+380%), and Ayurvedic home remedies, like Kadha (+90%).

A blog in the Euromonitor claims that those FMCG industries selling necessity-driven and essential products, such as fresh food, packaged food and bottled water, are being impacted due to supply chain breakdowns, stockpiling and stockouts. The COVID-19 pandemic has resulted in a slight shift in the paradigm of what we consider to be essentials; hygiene products have entered this category, whereas industries like apparel have shifted to discretionary. Discretionary products more generally have taken a backseat. Travel, consumer foodservice, luxury, apparel and footwear, consumer electronics, alcoholic drinks and tobacco have been severely impacted, as most companies have halted or scaled down their operations during the lockdown. However, some companies have transformed their facilities to produce products like masks, hand sanitisers, ventilators, etc, that aid the government and community in fighting the pandemic.

According to a research done by Gaurav Shetty, Shrey Nougaraahiya, et al. titled, “COVID-19 and Indian Commerce: An Analysis of Fast Moving Consumer Goods (FMCG), and Retail Industries of

Tomorrow” There are a number of factors that have impacted the Demand and Supply in the FMCG industry in India. These factors mainly include- Panic buying among the consumers when the lockdown was imposed. As a result, the sales increased at that particular time but since factories were shut down, the sales could not increase and hence supply was disrupted as well. Hygiene related products like soaps, disinfectants, kitchen cleaners, Sanitisers etc gained the status of essential goods and were the only products in the FMCG industry that gained an upward trend as a result of which, even the companies that did not deal in these products came out with new products. lastly, a major factor that disrupted the growth of FNCG industry during the lockdown period was the shut of factories that produced these goods. Due to lack of labour, lack of resources the supple of FMCG products was affected a lot in a negative way andit created a sense of panic among the consumers to a great extent.

Objectives

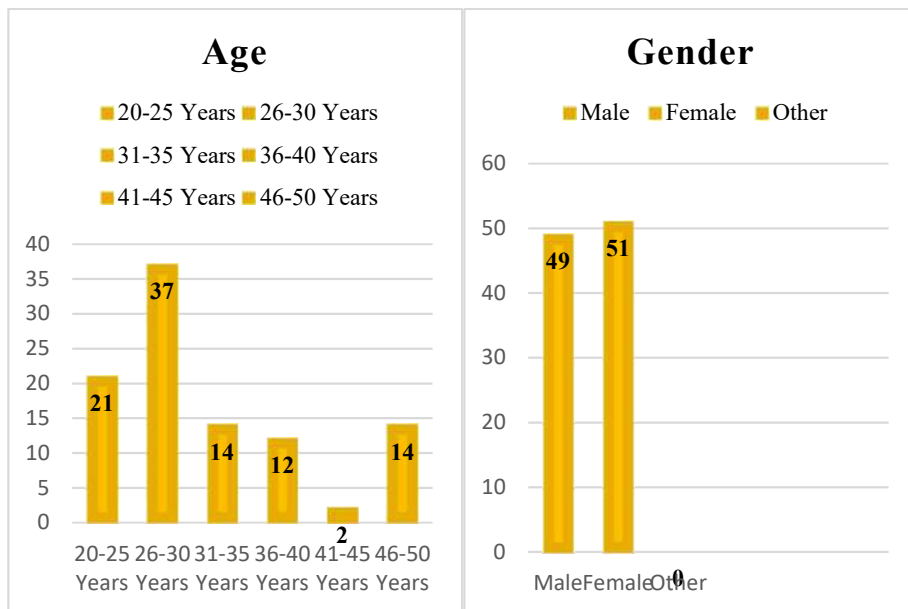
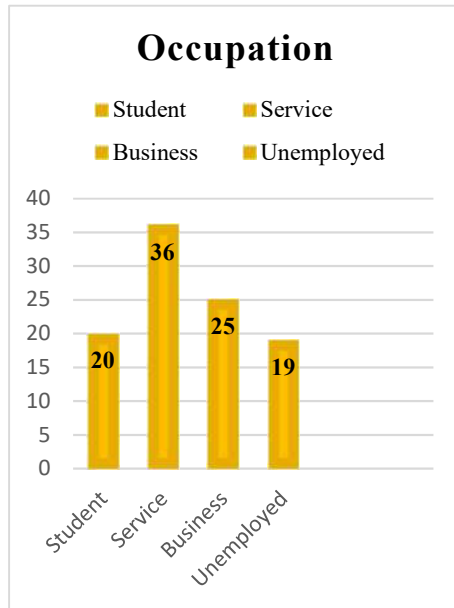
1. To analyse if pandemic has affected the rate of consumption of natural products
2. To find out the most preferred FMCG brand by the consumers
3. To examine the reason of inclination of consumers towards natural products

Research Methodology

This study uses Descriptive research. Descriptive research involves gathering data that describe a phenomenon and then organize and interpret it to come to a conclusion. The study uses aids such as graphs and charts to get a better understanding of the data analysis and give a clear picture of the change in type of products that are being consumed by the consumers in the light of COVID-19 pandemic. The research made use of primary data that was collected using a structured questionnaire with closed ended questions and distributed to 115 respondents sampled from West Delhi region in the age group 20-50 years. The completed questionnaires were collected on the same day and the responses were analysed. Out of the 100 questionnaires that were distributed, only 104 were considered.

Data Analysis and Interpretation

Table 1-3: Demographic details of the respondents



- The above three charts, present the demographic details of the respondents that were selected for this study. **First table** shows their age of respondents and as it can be seen in the chart, the highest number of respondents; 37 belong to the age group of 26-30 years with 21 respondents belonging to the age group of 20-25 years. **Second table**, depicts the gender of the respondents, the study was conducted with 49 males and 51 females. Lastly, the **third table** shows the occupation of the respondents. Majority of the respondents selected belonged to the service class; 36, 25 were involved in their business and so on.

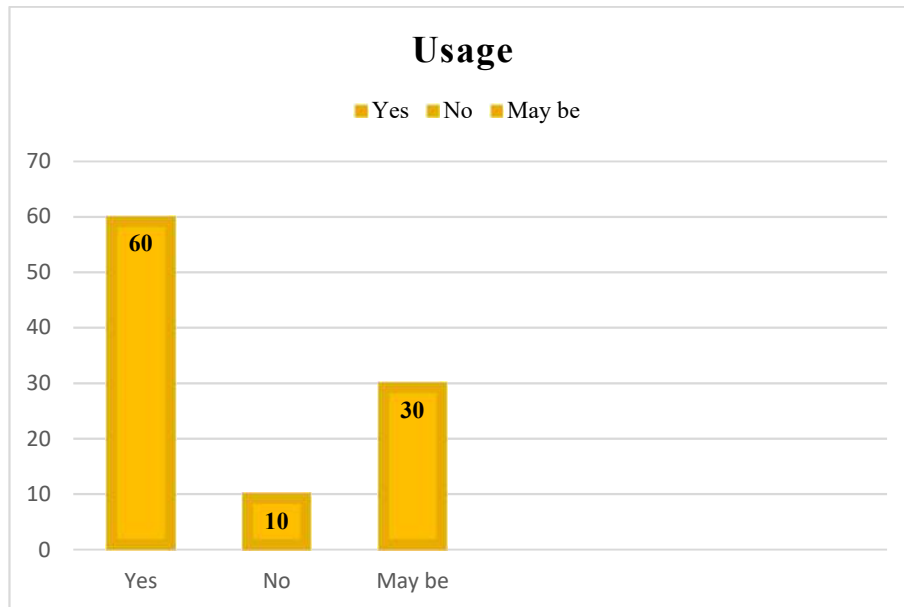


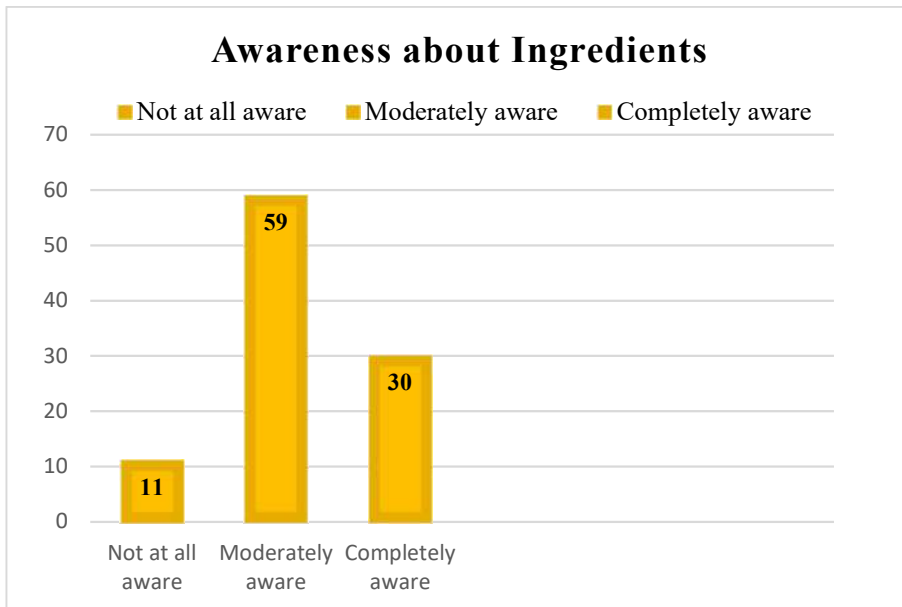
Table 4: Do you use Nature-based products?

	Frequency	Percent
Yes	60	60
No	10	10
Maybe	30	30

- After the demographic details, respondents were first asked if they use nature-based products. To this, 60 respondents said Yes, 10 denied using nature based and 30 respondents were not sure if the products they use had natural composition.

Table 5: Are you well aware of the natural ingredients present in your products?

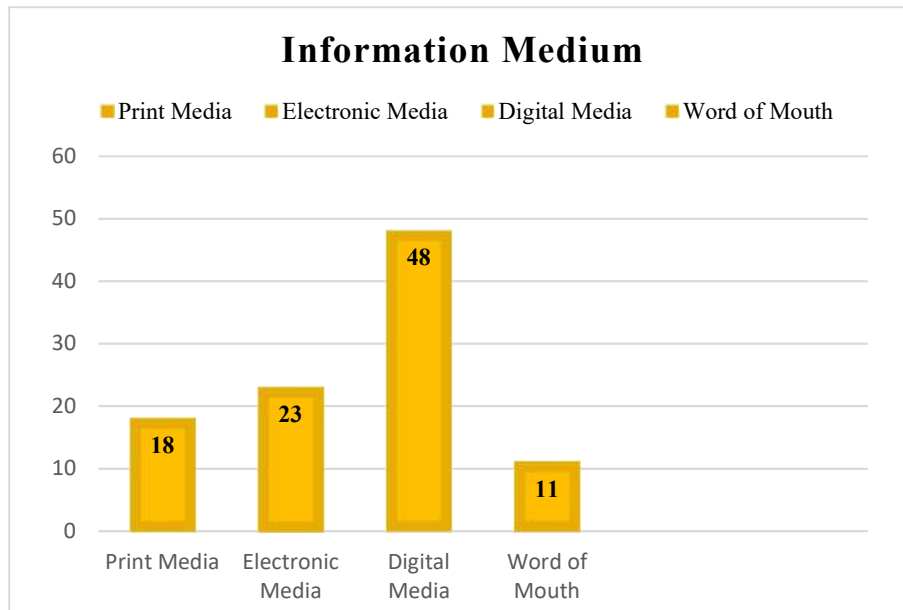
	Frequency	Percent
Not at all Aware	11	11
Moderately Aware	59	59
Completely Aware	30	30



- After knowing, how many respondents used nature-based products, now they were asked if they have knowledge about the ingredients these products. 59 respondents admitted to being moderately aware, 11 were not aware at all and there were 30 respondents that have complete knowledge of the ingredients of the natural products that they consume.

Table 6: Where do you get most of the information regarding natural products available in the market

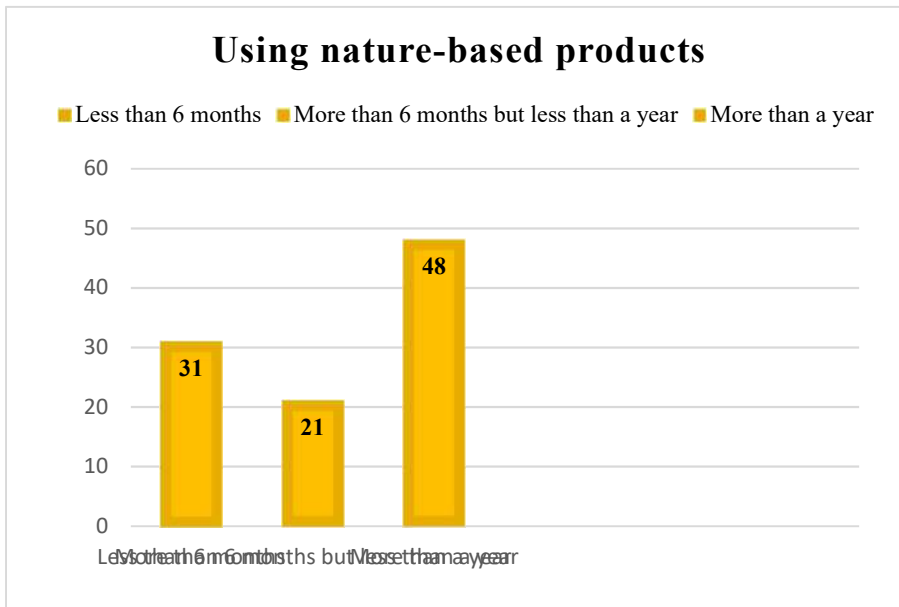
	Frequency	Percent
Print Media	18	18
Electronic Media	23	23
Digital Media	48	48
Word of Mouth	11	11



- Next, the respondents were asked to tick the source from where they received maximum information about the already existing natural products, new products launched in the segment by brands etc and as digital media is gaining popularity in almost all aspects, for the information regarding natural products as well, digital media is the most chosen media. 49 respondents said they received information from the digital media while 23 chose electronic media.

Table 7: Since when have you been using products with nature-based composition

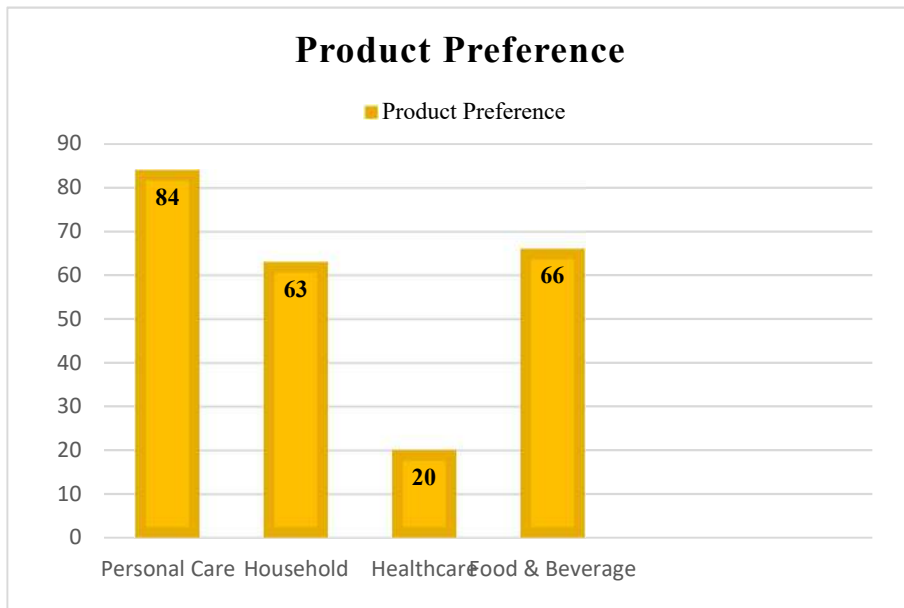
	Frequency	Percent
Less than 6 months	31	31
More than 6 months but less than a year	21	21
More than a year	48	48



- Now, the question that was asked in the questionnaire was the time since when the respondents have been using the natural products. Since, it has been a few years since this trend surfaced in the markets, 48 respondents said that they have been using natural products since more than a year and around 31 respondents said that they changed their preferences around 6 months ago. Hence, it is safe to assume that it might have been because of the pandemic that respondents changed their preferences of the type of products they consumed.

Table 8: In Nature-based segment, which products do you mainly use?

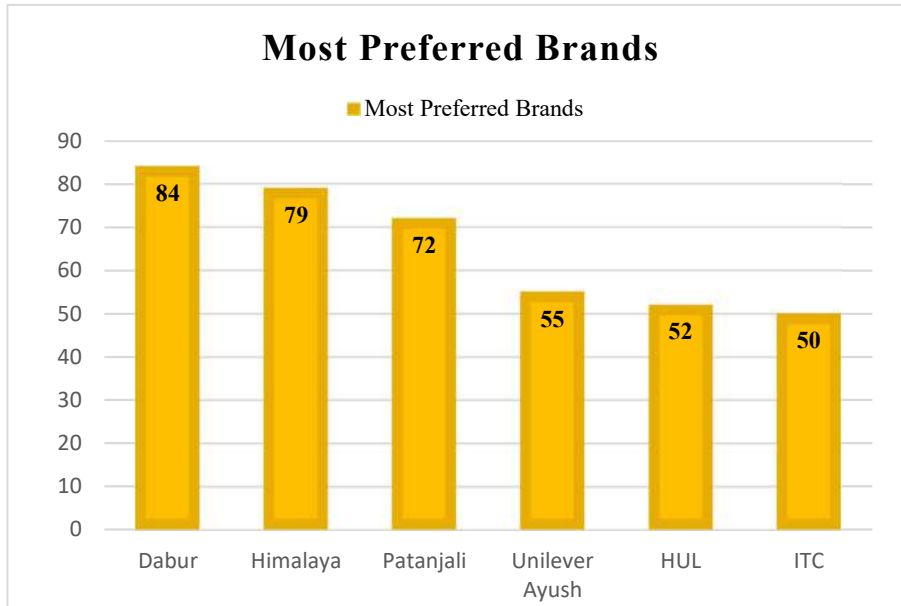
	Frequency
Personal Care	84
Household	63
Healthcare	20
Food & Beverage	66



- FMCG mainly consists of 4 sub types, these sub-types are; Personal care, Household, Healthcare and Food & Beverage. After establishing that consumers are in favour of products with natural composition, it was important for the study to establish what type pf products the consumers generally prefer in the natural business. According to the data received, out of 100, 84 respondents use personal care products, 63 out of 100 use household products, 20 out of 100 use healthcare products and 66 out of 100 respondents use natural foods and beverage products.

Table 9: Which Nature-based FMCG Brand, do you prefer the most?

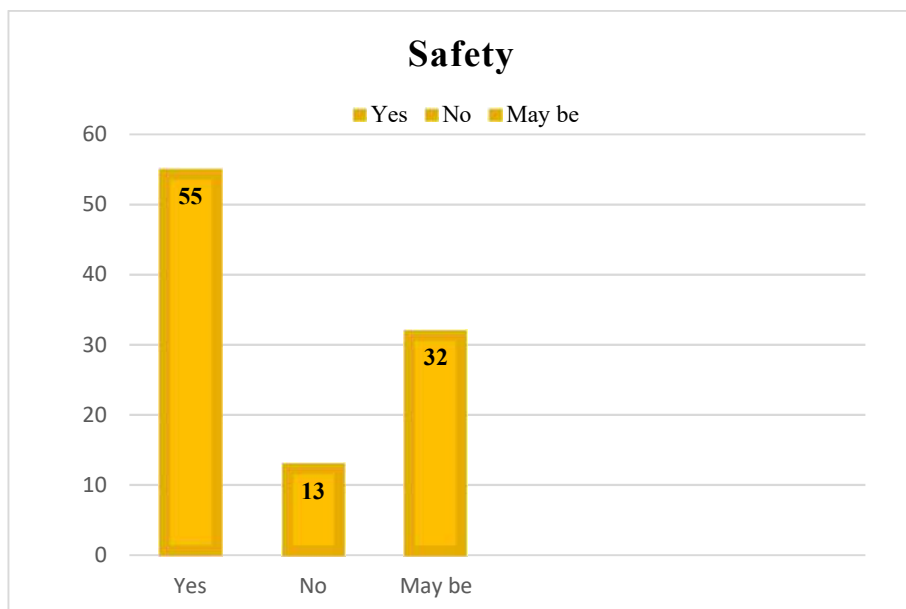
	Frequency
Dabur	84
Himalaya	79
Patanjali	72
Unilever Ayush	55
HUL	52
ITC	50



- There are many brands, both Indian and International that have entered the natural market because of the changing behaviours of the consumers. So, the respondents were given 6 FMCG brands and they were asked to chose the brands that they preferred the most. Also, the respondents could choose more than 1 option. So out of 100, 84 respondents said they use products by Dabur, 79 on 100 said they prefer Himalaya, 72 use Patanjali and so on. Depending upon the responses received, we can say that Dabur, Himalaya, Patanjali and Unilever Ayush are the most popular FMCG brands among consumers that have products in the natural segment.

Table 10: Do you think Nature based products will keep you safe in the current scenario

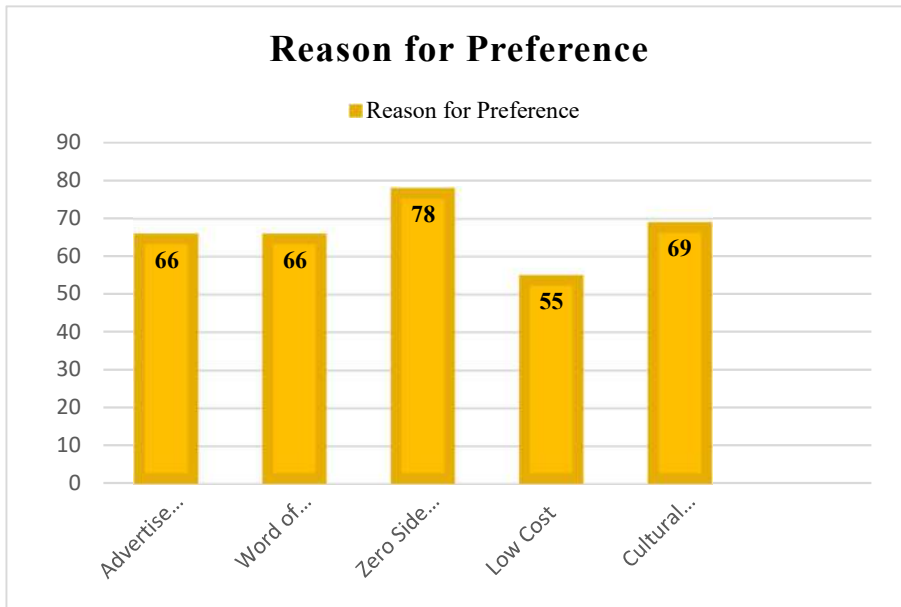
	Frequency	Percent
Yes	55	55
No	13	13
May be	32	32



- In this question, the respondents were asked if they feel, that using natural products and staying away from chemicals will help them stay safe during the pandemic. 55 respondents said yes to this. They do feel that in order to stay safe in the pandemic, it is important that they stick to natural products.

Table 11: What do you think is the reason for preference of nature-based products?

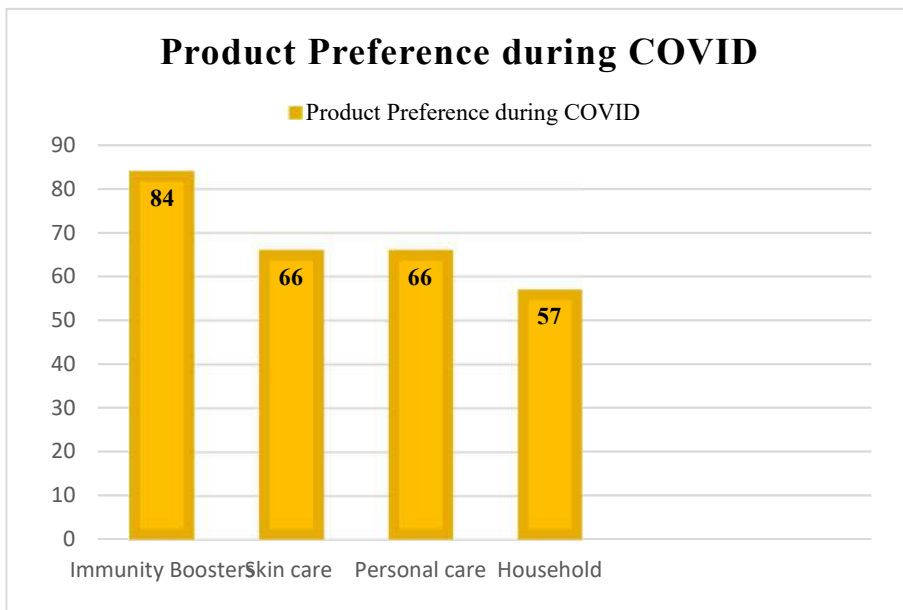
	Frequency
Advertisements	66
Word of Mouth	66
Zero Side effects	78
Low Cost	55
Cultural Connect	69



- Further, respondents were asked to chose the reasons for their preference of natural products overall. They were provided with 5 options and 66/100 respondents said that it is because of convincing advertisements that they made the shift from chemical-based to natural while 78/100 respondents said it is because natural products have zero side effects that they made the shift. There were 69/100 respondents that said that they feel connected to their culture and that is why they prefer using natural products.

Table 12: Products Preferred at the time of COVID-19

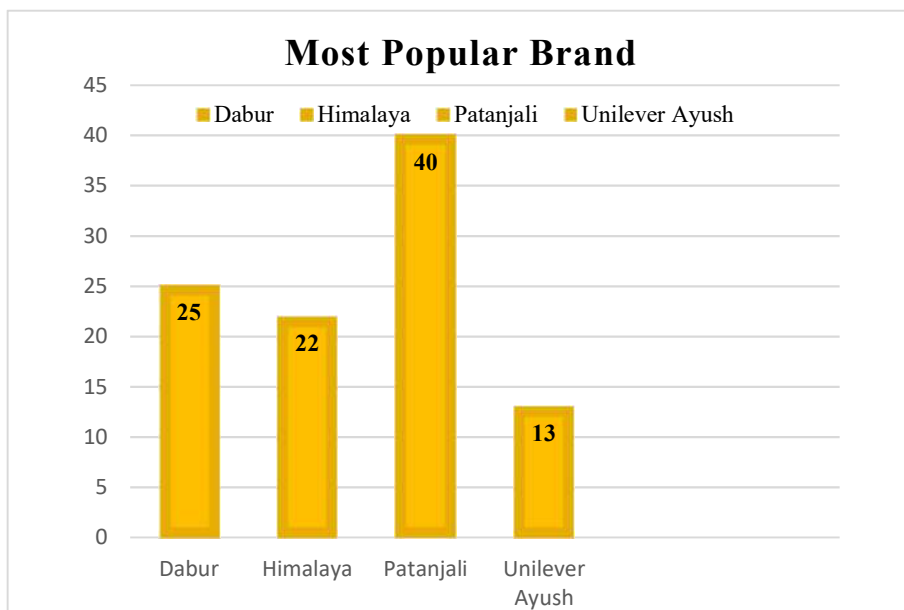
	Frequency
Immunity Booster	84
Skin care	66
Personal care	66
Household	57



- This pandemic has brought many changes in the market including the type of products people have started consuming. Through this question the respondents were asked what type of natural products do they mostly prefer in wake of COVID-19 pandemic. To this, 84 out of 100 respondents admitted to choosing Immunity boosters during this period in order to stay healthy and safe. Other than immunity boosters, 66 out of 100 respondents said they are using more skin care and personal care products.

Table 13: Which brand became the most popular during COVID time

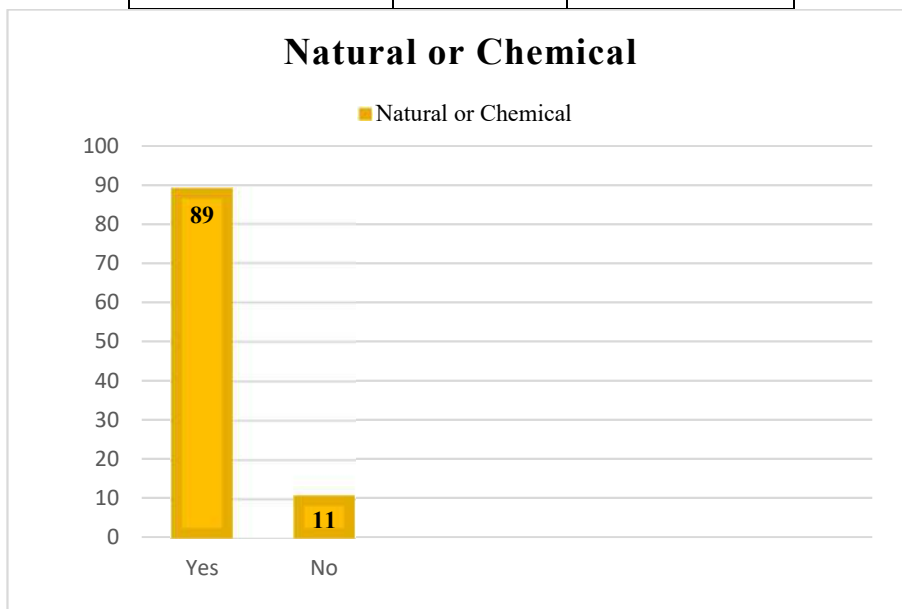
	Frequency	Percent
Dabur	25	25
Himalaya	22	22
Patanjali	40	40
Unilever Ayush	13	13



- Since the consumption pattern of the respondents changed, it was anticipated that brand preference would also have changed. Hence the respondents were asked about the brand that they prefer while shopping for natural products. 40 respondents said their favourite natural brand is Patanjali, while 25 chose Dabur and 22 chose Himalaya.

Table 14: Do you think nature-based products are better than products with chemical composition?

	Frequency	Percent
Yes	89	89
No	11	11



- Lastly, respondents were asked what type of products are better? Natural or Chemical-based. To this question 89 respondents said Natural products are better while 11 said chemical-based are better.
- They were further asked about the reason of their choice to which they give numerous answers which are mentioned below in the table.

Why Nature-based products are better?	Why Chemical-based products are better?
They are safe to be used for all age groups	A few respondents mentioned a very apt point of why they are using chemical-based products and according to their point of view, there are some brands that although claim their products to be natural but they are full of chemicals. Hence, to keep themselves away from the lie, they prefer using chemical based products because at least they are not lying about their composition.
They very rarely have any side effects	
Keeps your body healed for a very long time	
Using plant-based products is what our age old culture is about. Hence, using these products keeps us connected with our roots.	

Findings and Conclusions

- Depending upon the data collected, it can be concluded that although the trend of using Nature-based products over chemical-based products is somewhat a decade old, it is because of the pandemic that many consumers who still were not a user for natural products have made the shift during this period. This can be said as many people have started using natural products in the period of last 6 months.
- There are many brands that are native to both India and abroad that have rolled out products with natural composition in the market in the wake of the popularity of these products. but there are mainly 4 brands that the consumers prefer and they are; Dabur, Himalaya, Patanjali Ayurveda Ltd and Unilever Ayush. However, at this sudden time of COVID-19 pandemic, people are becoming avid users of Patanjali Ayurveda Ltd and Dabur.
- The main reason for the shift in the buying behaviour of the consumers is the negligible side effects of using natural products along with this the consumers also feel that it is their age-old culture of using products which are derived from the plants and they do not want to let go off their roots and another very important reason of why they choose natural products is the convincing nature of the advertisements.

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