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A STUDY ON BEHAVIOURAL PATTERN OF CONSUMERS OF GUJARAT STATE DURING INFLATION

Kalpesh P. Gandhi *, Sameer S. Manek

ABSTRACT

Economic activities of people have been affected by inflation. With the increase of price of commodities of their consumption either they decrease consumption or shift with other commodities or try to increase their earning for maintaining previous consumption level. All these alternatives are treated as behavioural pattern of consumers and this is the main core of the present study. During the inflation people may react differently as higher income group and lower income group also different age group and other different demographic factors may have variation. So researchers have collected primary data with the use of questionnaire with convenient sampling across the Gujarat state and 407 responses have been collected. One way ANOVA has been used to test the hypotheses and it has been found that gender, location, age, education and occupation have significant differences in behavioural pattern during inflation but monthly income have not been found significant differences...

KEY WORDS:

Consumer, Inflation, Consumer behaviour

1. INTRODUCTION

Inflation is a common word for the developing country like India. In general developing economy needs more financial resources to bring development which increases the money supply in the economy by various means. Now if the money supply increases in the economy, it will increase income in the country, with the increase in income, purchasing power increases as a whole which inspire people to buy more and more goods and services. In short the demand in the economy will increase continuously but in comparison to that the supply cannot be increase to match the increasing demand and the result will be rise in prices of the goods and services in the economy which is nothing but Inflation. Since independence of India, inflation has been a pertinent problem. Due to inflation, the inequality of income increases and thereby rich becomes richer and poor becomes poorer. Inflation can also result into region imbalance in the country. States which are good in terms of natural resources and in infrastructural development will gather momentum for development which causes inflation in the economy. To combat the problem of inflation in the economy, monetary policy by the RBI and Fiscal policy by the GOI play an important role.

Monetary policy is continuously monitoring the situation of the economy so that the inflation cannot go up to the mark level so that the economy can be protected from the devastating effect of inflation and for this purpose 6 members Monetary Policy Committee (MPC) had been constituted with Governor of RBI is a chairperson. MPC is continuously monitoring the inflation rate and tries to control it by using various instruments available with it like Repo Rate, Reverse Repo Rate, CRR, SLR, LAF, MSF, OMO etc. MPC is now working with the sole objective of bringing price stability in the economy. On the other hand, Fiscal Policy by the GOI is also consciously working to control inflation by discretionary stabilizer and non-discretionary (Automatic) stabilizer. Under Automatic stabilizer GOI decrease government expenditure and increases tax to control inflation to control inflation in the economy. In with this, the inflation cannot get controlled then discretionary action can also be taken by the GOI.

Consumer behavioural pattern is affected by various internal and external factors and inflation is one of the important factors among external factors. Any change occurs in internal or external factors then alteration has been observed

in consumer behavioural pattern. Consumer behavioural pattern consists of various aspects like spending whether consumers consume more or less, whether they spend more or save more, the next aspect is time like whether they purchase on specific occasion like festival or routine buying etc. Many economists have established various theories regarding consumption pattern during inflation like either they go with Geffen goods or consume same goods with lesser quantity or accept any alternatives.

2. LITERATURE REVIEW

Beckmann E. and Kiesel-Reiter S. (2023) have conducted a study financial literacy and financial wellbeing: evidence from Eastern Europe in a high inflation environment. Researchers have collected data by adopting survey method in nine Europe countries. They have mentioned that inflation has been known at highest ratio compared with other variables. They have found that, in Eastern Europe, less than 50 percent of adults had a good understanding of basic financial concepts like interest rates, risk diversification, and inflation and the level of financial literacy varies between and within countries.

Gbadmosi A. (2016) mentioned consumer behaviour in developing nations. In his study researcher has mentioned that irrespective with the differences among people and society, one thing is common that all are consumers. It is also stated that consumer in these nations is influenced by personal, social and cultural factors, and the marketing stimuli and their awareness and state are changing, and consumers are all different in various ways and this could be demographically, emotionally, culturally or in various other contexts. Researcher has also emphasised various topics for selecting developing nation as 70% of young population are in developing nation and chances of growth also exist etc.

Parvathamma G. (2014) has carried out a study on a review on inflation in India-causes, its impacts, trends and measures to control. Researcher has mentioned four causes of inflation as increasing supply of money, decreasing or lack of supply of goods decreasing demand for money demand for goods goes up. Researcher has also mentioned the impact of inflation and also measures for inflation and five year bracket data from 1958 to 2014 have been analysed. It has been concluded by researcher as inflation was affected badly the life of middle and poor class.

Recky R. et.al. (2023) have made a study on changes in consumer behaviour in

the food market in a crisis. Researchers have mentioned three major factors Covid-19, Ukraine war and high inflation rate which have been affected consumer behaviour. Researchers have collected primary data through questionnaire from 565 respondents. they have used Mann-Whitney test, Kruskal-Wallis test, Friedman test, Principal component analysis (PCA) and Divisive hierarchical cluster analysis and found that demographic factors as age, gender, place of residence significantly influenced the importance of factors when buying online food in times of crisis.

Sharma N. Sahu P. (2022) have conducted a study on understanding the performance of core inflation in India. Researchers have stated that a measure of core inflation is developed, and it is estimated for the time period of January 2012–December 2019 based on consumer price index data. They have used Autoregressive distributed lag model, and bound test approach. They have found that both in the short run as well as in the long run core inflation significantly responds to macroeconomic variables.

Tevin-Anyali et. al. (2023) have mentioned in their study Nigeria's standard of living in the face of inflation as the country consumes more than it produced which create cost of living high. Researchers have covered period from 1999 to 2022. They have used autoregressive distributed lag model and found that in long run Manufacturing Capacity Utilization (MCU) and exchange rate (EXCR) have a negative impact on the standard of living, while the Consumer Price Index (CPI) and unemployment rate (UNEM) have a positive impact.

Wanag Y. (2023) has carried a study on inflation surge: impact of covid-19 pandemic and Ukraine conflict. Researcher has stated that there are major two global factors Covid-19 and Ukraine war which affect the inflation all over the world. He has mentioned the causes and consequences of inflation. Researcher has studied global consumer price index (CPI) and the economic trade between the three major economies as US economy, EU economy and China economy. Researcher has concluded that tighten monetary and fiscal policy will curb the inflation.

3. RESEARCH OBJECTIVE

Objective of the study indicates the core of the research, the purpose for which study has been conducted. The objective of present study is to find out and evaluate the behavioural pattern of consumers of Gujarat state during inflation.

Various steps or measures can be taken by the people to beat inflation, so the study tries to find out those measures and also comparing them with demographic profiles of respondents.

4. DATA COLLECTION

The present study is based on primary data as main source of data and secondary data have been used for review purpose. The primary data have been collected through structured questionnaire. Convenient sampling has been used for data collection and for that Google form has been circulated. Total 407 respondents have submitted their answers in the said form. The data have been collected during July, 2022 to September 2022. The present study analysed the statements regarding what should be done during inflation to identify the behavioural pattern of the consumers during inflation.

5. TOOLS AND TECHNIQUES

The research which is based on any assumptions requires proving them by adopting scientific or statistical or other method as the subject of study. The present study also follows the hypotheses to check any differences exist between behavioural pattern of respondents and demographic factors of respondents. To test the hypotheses, researcher has used one way ANOVA.

6. SIGNIFICANCE OF THE STUDY

The consumer behaviour is the main consideration of any business. How consumers behave, whether they repurchase of product or shift with other company or only casual buying etc. During the period of inflation, it is utmost important that how consumers react or behave regarding their buying. This study analyses the consumer behavioural pattern during inflation. Various statements have been asked in the questionnaire to measure the behavioural pattern.

7. DATA ANALYSIS AND DISCUSSION

Table 1 the result of one way ANOVA between behavioural pattern during inflation and gender of the respondents

Table 1. the result of one way ANOVA: 1

Statements : During inflation	F	Df1	Df2	P
Do economise by reducing expenditure	1.15	1	407	0.284
Try to find new/additional source of income	4.84	1	407	0.028
Do more savings and investment for future	4.31	1	407	0.038
Increase the use of public transport	6.56	1	407	0.011

Source: Primary data

Table no.1 shows the one way ANOVA result of hypotheses of four statements and gender of the respondents. The null hypotheses have been set as there is no significant difference between behavioural pattern of consumers and gender of the respondents. Except first statement in all three statement the p value are lower than 0.05 at 5% level of significance which states null hypotheses have been rejected and alternate hypotheses have been accepted which means there is significant differences. In the first case result is higher than 0.05 so it is accepted as there is no significant difference. In precise analysis in mean differences then it is found that the mean difference is highest in fourth statement while it is lowest in first statement. Thus it can be said that behavioural pattern of male and female have different during inflationary period except in the point of economise activities.

Table 2 the result of one way ANOVA between behavioural pattern during inflation and location of the respondents

Table2. the result of one way ANOVA: 2

Statements : During inflation	F	Df1	Df2	P
Do economise by reducing expenditure	5.23	2	406	0.006
Try to find new/additional source of income	6.54	2	406	0.002
Do more savings and investment for future	10.60	2	406	<.001
Increase the use of public transport	4.54	2	406	0.011

Source: Primary data

The second demographic variable is place or location of the respondents which have been bifurcated into rural, semi-urban and urban category. The null hypotheses have been set as there is no significant difference between behavioural pattern of consumers during inflation and place of respondents. The result of one way ANOVA states that all the four null hypotheses have been

rejected as the p value is lower than 0.05 at 5% level of significance. The statistical reason is that mean difference between semi-urban is higher with rest of two. The mean difference between urban and rural is lower which is quite unusual but then also semi-urban mean is differing. In general, place of the respondents have significant impact like transportation cost is high for rural and semi-urban for majority of goods and on the contrary milk and vegetables are cheaper in that regions, so for one category rural people have to pay higher transportation cost while for other urban people have to suffer, so place has its own factor. In the present case there is significant difference between behavioural pattern during inflation and place of the respondents.

Table 3 the result of one way ANOVA between behavioural pattern during inflation and age of the respondents

Table 3. The result of one way ANOVA: 3

Statements : During inflation	F	Df1	Df2	P
Do economise by reducing expenditure	6.16	3	405	<0.001
Try to find new/additional source of income	7.59	3	405	<0.001
Do more savings and investment for future	13.26	3	405	<0.001
Increase the use of public transport	6.44	3	405	<0.001

Source: Primary data

Age is the one of the strongest factor which affect the behaviour of the people as in early age maturity is comparative low due to experience and many other reasons but highest level of passion and behavioural pattern of older people towards spending and savings are quite differ with younger people. Contrary null hypotheses have been set as there is no significant difference between behavioural patterns of consumer during inflation and age of the respondents, in all the statements the null hypotheses of have been rejected and alternate hypotheses have been accepted as the p value is lower than 0.05 at 5% level of significance. The result indicates that there is significant difference in behavioural pattern and age of respondents. In the further analysis it has been found that the mean difference of the age group of 46 and above has highest difference with other, in some cases mean difference of age group of 36 to 45 also found variance with other. Thus it can be said that younger age people behave differently with older age people specifically during inflation.

Table 4 the result of one way ANOVA between behavioural pattern during inflation and monthly income of the respondents

Table 4. The result of one way ANOVA: 4

Statements : During inflation	F	Df1	Df2	P
Do economise by reducing expenditure	3.757	3	405	0.011
Try to find new/additional source of income	0.560	3	405	0.642
Do more savings and investment for future	2.349	3	405	0.072
Increase the use of public transport	1.936	3	405	0.123

Source: Primary data

Table no.4 shows the result of one way ANOVA of the test of four statement hypotheses, null hypotheses have been set as there is no significant difference between behavioural patterns of consumer during inflation and monthly income of the respondents. The result of the test has comes first time where three null hypotheses have been accepted and only in one case alternate has been accepted as the p value is lower than 0.05 at 5% level of significance. The statement regarding do economise by reducing expenditure where null hypotheses has been rejected. The monthly income of lower group is affected by inflation more as compared to higher income group, in that way they have to think more about additional source of income to beat inflation and at the same time they have concern for future so they want to save for future. The mean difference between all the categories has been less different, in the first statement the income of upto 10,000 have very highest mean than others, so differences have been observed

8. CONCLUSION

Inflation has been factor which affects all the members of the society, the variation has been observed in its impact, some have higher while some have lower and same variation in knowing the inflation and its impact have been observed in the study of Beckmann, Elisabeth and Kiesel-Reiter, Sarah (2023). Various factors are responsible for higher inflation and its impact varies in short and long run. For one category of customer behavioural pattern have been changed on the other hand for second category their behavioural pattern may remain constant, so to measure this theory present study focuses on this topic and it has been found that income variable is the most non affecting by inflation in the present study which means whatever be the income group association

with behavioural pattern have not been observed which become contrast with the study of Parvathamma G. (2014), while the gender, occupation, education and location have significant differences in the behavioural pattern of consumer. Although here in tabular data gender, location, age and income have been presented apart from those education and occupation have also analysed and it is found that they have also differences in behavioural pattern due to inflation

DISCLOSURE OF CONFLICT

The authors declare that they have no conflicts of interest.

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