

Adapting to Unprecedented Times: A Comprehensive Review of Consumer Behavior Shifts in the Direct Selling Industry Amidst the COVID-19 Pandemic

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Abstract

Direct selling is the method by which products can be sold directly to the customers. Nowadays all types of goods like cosmetics (Avon beauty), nutritional (Herbalife), medicines (Modi care) etc. can be sold by direct selling. During COVID, when all the methods of marketing was not possible direct selling companies have grown at a rapid scale as the customers looks for online solutions to full fill their needs. e- business also grew during the pandemic. The pandemic started a ripple effect of unemployment, job displacement, salary cut etc due to complete lockdown. In such situation, the scope of direct selling unlocked various sustainable opportunities. Consumer behavior is a psychological process as the consumer is attracted to the goods they are emotionally attached with. So the advertising media should be very effective in order to increase direct selling in the consumer behavior. In the paper various facts and figures of direct selling changing the consumer behavior will be discussed further.

Key Words: Direct selling, consumers, e – business, Sustainable opportunities

Introduction

Pandemics have marked the beginning of significant changes. As reports of Covid-19 spread through markets, governments of different countries prepared for the worst. The Indian Government also announced lockdown as a common solution with various levels and restrictions. For a long time, e-commerce was last resort of offline retail. But this Lockdown has given an impetus where online consumption will no longer be synonymous with status and convenience, but rather a need and pattern of purchase. As the specific vaccines for Covid-19 were yet to be found, lockdown was seen as the most effective way to curb the spread of the virus. Lockdown aimed at reducing the graph by social distancing. People were requested to stay at home. Schools and colleges were closed, work from home option was given to employees (Shah et al. 2020). This compelled people to go out only for essential activities. Thus, Covid-19 caused a drastic change in the consumption pattern.

The term ‘essentials’ was misunderstood and misinterpreted. Markets were closed, food delivery trucks were halted at the checkpoints, milk vans were sent back, workers were not allowed in factories and mandis. All this led to shortage of essentials and an unprecedented rise in the price of goods. Though after 2-3 days the Government did announce that all the essential good were available. Yet the production, storage, transportation and delivery management still remained a problem (Ahmad, 2020) People started accepting the new norms, and a gradual shift was seen in their buying pattern. With a gradual decrease in panic levels, a shift could be felt towards online shopping. People were aware of the pandemic and social distancing norms, but due to mental or political pressures imposed, resistance to restrictions are seen to be rising. Therefore, effective strategic management is to be employed to curb and restrict the spread of the virus. The pandemic saw businesses, governments and organizations adapt themselves to a dynamically changing environment. As the mode of operation transitioned from offline to online, from office to home, from centralized to decentralized, industries saw both internal and external transitions. The Direct Selling industry in the country too witnessed these changes.

Some of the key factors that have made direct selling a successful selling module include: The entire business of direct selling, for the companies who had vision to invest in digital assets and technology, can be conducted via a screen without physical intervention (Wotruba, T. R 1996) In times such as the coronavirus, this is the best option available for anyone looking to be a direct seller as the business is completely virtual in nature. The pandemic also increased the rate of unemployment.

Direct selling can be a blessing at a time where a steady income is uncertain. It also has nearly zero capital investment involved and can be considered as a secondary source of income at a time wherein there are layoffs and increasing unemployment.

Statement of The Problem

This study is an attempt to unveil the various dilemmas that general public hold about the direct selling. This will try to bring better understanding about the direct selling and its impact on pandemic. Furthermore, it also focusses on the role of direct selling in increasing employment.

Objectives

This study tries to focus on the following broad objective:

- To study the role and importance of direct selling.
- To bring clarity about its functioning and its importance during covid.
- To study and analyze the current scenario of direct selling in India.

Methodology

This study is based on the secondary data collected from the various sources like independent research work, surveys of independent authorities and various papers published online.

Effect on income due to pandemic

The world has survived different pandemic attacks including SARS, H1N1, yet Covid-19 was the scariest. This can have an impact on the household budgets, socio-economic condition, preferences and priorities of consumers, price levels and consumer behaviour (Hamilton, 2019). Out of which the price levels and family expenditure direct the consumer behaviour. The budgets had initially expanded fearing lack of stock availability and price hike. Credit card usage was highest in the retail sector contributing to increased sales (Baker et al. 2020). But gradually spending decrease was identified, which may be because of loss of job during the pandemic, health issues or change in consumption patterns (Andersen et al. 2002).

Scope of Direct Selling

The self-employment opportunities that come with this industry have been the reason why millions of people can work at their pace and earn a good living. The way direct selling has changed the life of average individuals has been enormous as people now have the freedom to improve their entrepreneurial skills and push for success (Albaum et al 2019). This trend is only going to accelerate the reach of this industry in future. In fact, thousands of entrepreneurs have taken up the direct selling business as a full time opportunity. Consumer health segment currently dominates the Indian direct selling sector with beauty and personal segment following closely. Wellness and healthcare category are moving in leaps and bounds every year as well (Kron, J 2009). Year 2020 is expected to witness a renewed focus on health and wellness for direct selling industry (Brockett et al. 2020) Considering the unhealthy lifestyle changes, stress and the impact of the environment, there is an ever expanding need to move toward healthy living which is dynamic and sustainable. Surely the top ten companies in direct selling will bet their monies on health supplements, personal care and beauty, and home and living products. The long-term outlook for the industry is positive, supported by rising incomes, favourable demographics, entry of foreign players, and increasing urbanisation. Especially for India, with more clarity setting in for the regulation of the Direct Selling industry, more players in this industry will take advantage.

Growth of Direct selling during Pandemic

India's direct selling industry is likely to have grown around 10 per cent in the Covid-hit FY21, according to industry stakeholders. As per a survey by the industry body in the Q1 of FY 2020-21, the industry was able to register a growth of 0.90 per cent. While the first quarter of FY 2020-21 was largely impacted by the different phases of lockdowns, despite of all the challenges, the industry was able to register a minuscule growth, it showed. However, with the start of Q2 as the government started to give more relaxations for carrying out commercial activities, the industry responded positively as well, resulting in the Q2 of FY 2020-21 registering a growth of 9.25 per cent over Q2 of FY 2019-20

The growth in the industry was largely driven by the increase in sales of wellness and personal care segment products. When the country went into lockdown, and a new normal came into existence, we moved towards digital ways to promote our products and business plan. We ensured home deliveries and digital training. Overall, we grew by 300 per cent in the previous year and this year we are growing comparatively at a faster

rate. As per the data out of the total sales in 2019, the wellness product category comprised of 55 percent, followed by Cosmetics & Personal Care product category, which contributed 27 percent in India. This rising trend is expected to continue in the times to come.

The pandemic has led the Direct Selling industry to evolve more into Health and Wellness space. The companies are manifesting awareness towards building immunity and developing a healthy lifestyle. Likewise, the channel creates a trustworthy impact on users owing to a direct approach and no duplicity of products (Delvi, N. G. 2022). Personal care and consumer health products have become the most popular category sold via direct selling in India since the rise in Covid-19. Some of the examples are Gut Health probiotics, Immune Health supplements, etc., which can help people to empower immunity and could be an ideal solution to tackle the epidemic situation.

How direct selling works

Distributors eliminate intermediaries in the supply chain by Direct Selling and offer goods to customers personally. Products are sold on-line or in physical shops in typical retail markets, but direct sales rely very much upon vendors who are untraditionally in front of their buyers. Companies sell all sorts of items and services, from jewels, cookware, clothing, cosmetics, kitchen products, electricity and insurance, and much more. The direct selling channel is radically different from the broader retail. It's not just about putting outstanding goods and services into the hands of customers. It is also a great opportunity for common man to grow a company with low start-up and overall cost separately.

Direct sales remove most product distribution intermediaries, such as the area distribution center and wholesaler. The merchandise is commonly available not at traditional store stores, which means having a seller or a representative is the best way of buying the items or services. The items offered by direct sales are typically not found in the typical retail outlets (Duffy 2005). It is necessary to adjust and adapt to the future eco-system for growth in every sector. By advancing marketing strategies and changing from job to job, you should know which field to pick or which tactics to satisfy potential company requirements. In the past, direct selling or network marketing has arisen as a well-grown industry from different developing countries.

Conclusion

People were initially anxious about food and employment security. But by the third phase of lockdown, people had equipped themselves with virtual platforms both in terms of interaction with family or for office work and grocery and vegetable purchases. The study thus establishes a significant shift in panic level of people. Panic among people has reduced from Lockdown 1 to Lockdown 3, and this sweeping change can also be an indication of the awareness about the virus. Thus, the result is in alignment with the stages identified in the theory of panic buying. People move from initial anxiety and uncertainty towards an accustomed behaviour accepting the adversities. As a positive sign, people were relying on online purchases at a faster pace than expected. Perhaps, availability of online platforms to supply stocks could be one of the major reasons for people not feeling the urgency of stocking up or giving up quality consciousness. People adapted to a new normal way of living; and one of the main indication of this being consumers reluctance to substitute high priced products with low priced products. Online marketing has gained much importance in the current scenario. The ease of being able to shop at the security and safety of the house has indeed instilled the confidence among customers. However, lack of preparedness among the marketers has resulted in huge losses for them. The resilient nature of people forces them to bounce back to normal as observed from the study. Hence, marketers should be able to take control of the situation and grab this as a beginning of a new era of e-commerce and give a new freshness to the marketing channels.

In the current scheme of things, it is imperative for direct selling companies to formulate an action plan to ensure smooth flow of the business. Investments in technology to bring in ultimate convenience in business for distributors and user experience for consumers, creating awareness on the usage of products via online trainings and webinars, updating the applications used for direct selling in a timely manner and making use of digital touch-points such as social media and advertising to promote the products and its usage are some of the parameters that can help this industry to continue growing in these uncertain times.

In the end, it will be fair to say that the direct selling industry has proven time and time again that it can hold strong and survive even more turbulent economic cycles. The current times are no different and the legitimate industry players, operating according to the government-defined guidelines, offering negligible or zero investment, time & space flexibility and the simplified work process blessed by technological advancements are an ultimate ray of hope for millions of Indians and also for the Indian economy today.

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