A Critical Analysis to comprehend Panic buying behaviour of Mumbaikar’s in COVID-19 era.

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ABSTRACT

This study aims to sightsee the contemporary situation of our motherland during the evil spread of pandemic COVID 19 ie. Corona virus which brought turbulent times to globe and even to us. Indian Government has Lockdown the nation for 21 days to avoid Covid 19 community spread. Cities athwart India saw a haste to buy grocery and other essential stuffs on the first day of a countrywide lockdown on 25th March 2020, Wednesday even as Covid-19 infections rose to 606, including 10 deaths (Hindustan Times). With stories of privation and unease pouring in — of the predicament of migrant labourers and of trepidations that some pharmacies and groceries in Mumbai might run out of stock — the government stepped in to confirm essential services are not intervallic. Since March 2 when the second wave of coronavirus disease (Covid-19) cases was stated in Delhi and Hyderabad followed by Mumbai, India has not reported any case of community transmission, but the government is employed to control cases of pivotal outbursts in some states.

But during this period many businesses sounded opportunistic for selling their products and that tends towards Black ocean strategy of doing business. The following study circulates around the impacts of such situation on masses of Mumbai where exist extreme segregation in living standards. The study is a review on secondary data leading to be a curtain raiser on the dark side of panic buying followed by misconceptions in markets by imbibing black ocean strategy and explorative in nature. Suggestive measurements are drawn on the basis of personal observations and experiential learning.

Keywords: COVID 19, Corona virus pandemic, Mumbai, Panic buying, Black ocean strategy, customers buying perspectives,

INTRODUCTION

Prime Minister Narendra Modi appealed to inhabitants on 25 March 2020, Wednesday to aid to nine families throughout the 21-day national lockdown and warned of stern action against those misbehaving with individuals on the front lines of the fight against the coronavirus pandemic. In this combat against coronavirus, 130 crore (1.3 billion) inhabitants are the charioteers. With their sustenance and guidance, the country will win the war against the virus,” he said. The sectors like Production house, Demand and supply, Low consumption, export and import and millions of low-wage earners are likely to bear the brunt of the economic impact of COVID 19. Specially are aged people without support, rickshaw pullers, daily wagers, casual workers, foot path shopkeepers, informal sector workers, beggars, etc. When modes of transport and trading routes and ports get disturbed, the supply chain gets affected. When the chain of production, supply, distribution and consumption get disturbed, the invisible hand of market gets disabled. A majority of workers are not reporting for work and migrant workers are returning to their native places which could result in mass stoppage of production. The 21-days national lockdown to avoid the spread of Pandemic could result in daily loss amount Rs 6.3-7.2 lakh crore, estimate by Care Ratings.

Panic buying transpires when consumers buy oddly bulky volumes of a product in anticipation of, or after, a disaster or perceived disaster, or in anticipation of a large price increase or scarcity. Panic buying is a type of herd behaviour. Panic-buying can lead to genuine scarcities regardless of whether the risk of a shortage is real or perceived; the latter situation is an instance of self-fulfilling prophecy. Psychologists view control as a fundamental human need. With a disease that’s highly communicable and can turn deadly, this epidemic disrupts a sense of control in fundamental ways. Unless policy
makers can find a way to reinstate that feeling, the cycle of panic buying, hoarding and scarcity only stands to escalate.

Analogous panic buying often heralds snow storms and typhoons, but the universal nature of the coronavirus’ spread — along with access to information facilitated by social media — means hysteria today is traveling in ways not seen in earlier epidemics, like the 2003 SARS outburst instigated by an alike virus. In various neighbourhoods in Mumbai, crude vegetable and fruit shops were also shut either due to lack of lucidity on the lockdown over coronavirus pandemic or they could not obtain items from the wholesale bazaars. The deed of buying large quantities of a particular product or commodity due to sudden fears of a forthcoming shortage or price rise is termed as Panic buying. Buyers have to wait for around 30 minutes for my turn to enter the store to buy essential items. It is because they were letting only two to three persons to go inside the store at a time. The rest would have to wait outside the shop in a queue, upholding a distance of about three feet. Many items such as tetra packs of milk, confectionary products, tissue papers, butter, flour, vegetables were not existing the local grocery outlets (kiranas), shop floors, D-marts, Big Bazaar supermarket etc. An alike state of affairs prevailed at other grocery stores. Shop owners and the administration took different measures, from asking visitors to mandatorily wear masks, to marking spots outdoor shops for customers to stand, to safeguarding social distancing to prevent the blowout of the coronavirus.

Shopkeepers supposed this was because of panic buying on 24 March 2020, Tuesday evening itself, just after the announcement of a comprehensive lockdown by Prime Minister Narendra Modi.

At certain outlets, people grumbled of deprived supply because of which indispensable items such as milk, wheat, pulses, oil, biscuits, milk products and drinking water jars were either out of stock or were fast waning. However, some foodstuffs such as vegetables and fruits continued to be supplied but due to lock down impact may not be reaching to shops. There exist also a chance of black marketing or likeness of purposeful inflation. Some storekeepers grumbled their traders couldn’t turn up either due to restrictions on the transportations. This supplementary added fuel to the deceptive of information that things are running out of stock from market due to lack of supply. In spite of announcements made from the Government’s end said state’s food and civil supplies minister Shri Chhagan Bhujbal, regarding incessant supply of every product notwithstanding restrictions on movement of vehicles, the supply of essential merchandises would be unpretentious, still there exist deficiency in supply of day-to-day needed products. The preliminary panic buying was lone for hygiene products, soaps, exclusively hand sanitisers, but retailers say it has dribbled down to food after most offices allowed employees to WFH (work from home) that added fuel as rate of consumption increased. “Sales of categories such as Maggie, canned food, hand washers, tissues, wet tissues, sugar, ghee, butter, noodles, biscuits, rice, wheat oils, sanitisers, floor & glass cleaners & hygiene products have gushed uphill of 20%,” Nature’s Basket MD said. Vendors and consumer goods firms adage their average daily sales more than double on Thursday as consumers hurried to buy essentials ahead of Prime Minister Narendra Modi’s address to the nation on the state of affairs arising out of coronavirus outbreak and the efforts to battle it. “Feasting which was happening at three distinct places—workplaces or canteen, food court or cafeterias or bistros and home—is now amassing mostly at home, given this scenario,” said Devendra Chawla, managing director of Spencer’s Retail and Nature’s Basket. The country’s major dairy brand Amul said sales of groupings such as milk in Tetra Packs, cheese, ghee, ice creams and butter have seen gigantic spurt over the earlier one week and demand is up and about anywhere between 25% and 50% across general trade and modern trade. “That is also for the reason that consumers want innocuous packaged foods and are cooking at home,” said RS Sodhi, managing director of Gujarat Cooperative Milk Marketing Federation that owns Amul.

Numerous customers are over acquiring as panicked due to the inappropriate information. Thus this leads to sort of creation of black ocean where the market is moving around misleading facts for availability of products and seems to be under influence of furnished black magic. This are actually tools that are undertaken by various companies to fight against the competition in the market (Bresser, 2014) but at current scenario is causing panic buying leading to shortage of stuffs or over buying. In order to survive with these snags, the marketers are anticipated to adapt certain strategies to pursue in their business (Dibbs et al., 2015). It can be easily expected that the success of these companies is a
result of the various business strategies accepted by the businesses in their journey (Schewe & Smith, 2013). These tactics are used in business by shopkeepers / businesses for long term organizational sustainability and to face or deviate from the competition. Based on situational analysis, it is observed that some of the businesses especially the grocery, eatables and medical use a new type of strategy for sustainability at least for short term to overcome their high intensity problems and to get quick relief from the problems. In this study we have comprehend such a strategy and christened it as "Black Ocean Strategy" in turbulent times of COVID 19 leading to panic buying. Some of the strategies to be name are customer retention, comparative advantage in terms of improving quality or price of the product so that the company would be able to improve the satisfying level of the customers (Moriarty & Kosnik, 2012).

LITERATURE REVIEW


Our research is also associated to the investigation on supply uncertainty. There are three approaches to understand supply uncertainty: random lead-time, random yield, and supply disruption. The random lead-time model assumes that the order lead-time is a random variable (e.g., Song and Zipkin 1996). In a random yield model, the realized supply level is a random function of the order/capacity level (see Yano and Lee 1995, Gerchak and Parlar 1990, Parlar and Wang 1993, Swaminathan and Shanthikumar 1999, Federgruen and Yang 2008, Kazaz 2008, Wang et al. 2010). Supply disruption models the uncertainty of supply as one of two states: “up” or “down” (e.g., Tomlin (2006), Yang et al. (2009)). The orders are fulfilled on time and in full when the supplier is “up”, and no order can be fulfilled when the supplier is “down”. We have considered the approach Supply disruption models as during outbreak of COVID19 which leaded to complete lockdown in Mumbai there existed shorted of needed products and followed by panic buying. Snyder et al. (2010) provides a comprehensive analysis of the existing supply disruption investigation.

There are very limited papers in the literature that explicitly consider the impact of supply uncertainty on customer demand. Rong et al. (2008) considers a one-shot game interaction between an unreliable supplier and multiple retailers. The retailers may bloat their order quantities creating inflation in order to obtain their desired allocation from the supplier, a behavior known as the rationing game. Thus today there exist a competition among the retail stores as at times they compete with near by rivals or some time sells the products to customers with close proximity or most of the times at higher rates. Hypes are created by the sellers that results in panic buying.

OBJECTIVES

1. To understand impact of complete lockdown resulting in uprising panic buying situations in Mumbai.
2. To explore psychological impact on buyers in Mumbai during pandemic outbreak of COVID19 leading to exhaust of daily need stocks.
3. To study appearance of the current Mumbai market as black ocean.

Mumbai market a prey of panic buying during COVID 19 pandemic pretending to be a black ocean:

- Viraj Shah, who runs a well-stocked kirana store in suburban Mumbai says footfalls in his store have doubled over the past one week. "Consumers are buying products likes soaps, sanitisers and handwash in bulk. In fact, I have run out of stock. People are also buying atta, oil and biscuits in bulk as they are scared that shops will shut down due to the corona virus scare."
- A bottle of hand sanitiser, usually priced at Rs 30, was being sold for Rs 100 at pharmacies in Ashok Nagar, alleged a customer on Twitter.
"A large quantity of fake sanitisers has been seized. We will ensure that law takes its due course over any irregularity related to it," said BN Singh, District Magistrate, Gautam Buddh Nagar. These were not genuine products, confirmed Sub-Divisional Magistrate Rajeev Rai, who led the raid on Saturday.

"Fake sanitisers are more dangerous as these have side-effects on the human skin. People are using sanitisers to clean their hands when they cannot use soap and water. Also, a large amount of sanitisers are being used to sanitise public places. But if the sanitisers are fake or don't have the efficiency, it will be harmful. You never know which chemicals have been used in them," said Dr. Bobby Balotra, Pulmonologist at Sir Ganga Ram Hospital.

Shares of 3M India extended their rally to the third straight session on Thursday after reports that the sale of face masks, sanitizer, and gloves have soared in the country amid the coronavirus fears.

3M India, a subsidiary of 3M Corporation, manufactures over 8,000 products including personal healthcare and safety products such as face masks and sanitizers. The scrip jumped nearly 21 per cent to an intraday high of Rs 24,348 on March 5 against Rs 20,137.30 on March 2. 3M India, a subsidiary of 3M Corporation, manufactures over 8,000 products including personal healthcare and safety products such as face masks and sanitizers. According to reports, face masks and hand sanitizers have vanished from chemist shops in many areas of the national capital and adjoining towns as people resorted to panic buying amid the coronavirus outbreak.

Some chemist shops that have stocks of masks available with them have jacked up prices, selling items that were available earlier for Rs 150 at Rs 300, stated a report. Amid a coronavirus scare in Mumbai, the demand for surgical and N95 masks increased manifold in Mumbai on Tuesday with some people claiming they were being sold at rates much higher than the actual cost.

People claimed surgical masks which usually sell for Rs 10 were being sold for Rs 40 or higher, and N95 masks which sell for around Rs 150 were being sold for up to Rs 500. "If a pharmacy sold 10-15 masks daily on an average, today the demand went up to 100.

"There is the simple principle of demand and supply. And in situations like these when panic binds people the tendency of hoarding also goes up. Thus happens at every level, customers, retailers, wholesalers," Jain said.

"The government should have a system wherein the prices and supply of essential products in a situation like this could be controlled," he added. Sales of hand sanitizer are skyrocketing due to the coronavirus, leading to rationing and price hikes. "Price of a surgical mask, which was earlier selling for Re 1, has skyrocketed to Rs 15 now," said Kailash Gupta, the president of All India Chemists and Distributors Association. Future Group president (food business) Kamaldeep Singh said while there is stock, there is pressure in pipeline for sanitiser. "Brands have to ramp up production. We are confident to meet demand for handwash and moving stock of sanitiser from other markets to cities where demand is huge," he said.

Industry executives said sanitiser manufacturers like Reckitt Benckiser and Himalaya Drugs are expanding production. Himalaya Drug Company CEO Philipe Haydon confirmed production hike saying sales is up ten times following the outbreak. ITC spokesperson said there is “adequate supply” of Savlon hygiene products.

Mayank Shah, Parle Products’ category head said, "Panic buying is happening and likely to continue for at least one-two weeks more. We have received frenzied calls from the trade to supply stock since the pipeline has become almost dry. There is 15-20 per cent increase over usual sales.”

Grofers CEO Albinder Dindsha said he expects the frontline sanitiser brands to be back in stock soon. He said Delhi-NCR and Hyderabad together witnessed a five-fold surge in demand in the last three days which is the highest increase in sales in any category in over six months.
Reliance Retail CEO (grocery) Damodar Mall said whenever there is uncertainty of this kind; customers tend to trust organised supermarkets, since they know there will be no change in pricing.

An official of a Fortis Hospital-run pharmacy store in Gurgaon said there is no supply of sanitisers from manufacturers since Tuesday even after the store sought urgent replenishment. “There is huge demand not only from people, but also from the airport, hospitals and offices,” he said.

Kamlesh, who has one pharmacies in Sector 5 CBD Belapur, said people kept visiting his shops all throughout. Similar statements were given by two of the very old pharmacies at sector four market area at the heart of CBD Belapur, they said over 40 years they have never seen such demand and panic buying so far.

"Necessary permissions on account of licensing and storage of ethyl alcohol/extra neutral alcohol (ENA)/ethanol may be accorded by the state government agencies to sanitizer companies up to their installed capacity without any quota restriction on supply," the Ministry of Consumer Affairs has stated in a circular.

Impact of COVID 19 and lock down on Mumbai

Pandemic not only wedged the manufacturing and consumable industries, but also luxury goods, airlines, tourism, leisure, and hospitality. Keeping workforces away from work and consumers away from consumption both reduce economic activity. Fighting the crisis will mean sharply higher debt levels everywhere; India has taken effort to resolve the COVID-2019 menace through social distancing and through collective efforts. The effect of economic on Household, International market, financial crisis, Import export, Globalization, Taxes, Investment, Capital market. There will changes in Fiscal policies, Monetary, Financial regulation policies, Social insurance policies, Industry policies and Trade policies. The economic damage could be persistent. The most affected are vulnerable sector or Poorest of society who is depended on daily wage to their living and this measure by government might bring some relief to them. At a time of Pandemic, Government proactive in financial commitments will help the most vulnerable customers of our society.
This exhibit displays that at initial problem must be identified either proactively or post math on same can be done. Then probable solution for the same must be identified with alternatives. At times businesses follow strategies by taking risk and making their ethics at stake for competing the heavy pressure at the times of exigencies, this can be termed as black ocean strategy and market looks like a black ocean. It is an ancient strategy used in ancient philosophy as Atharva Veda where illusions is created for either to reach the goal or to create hype in the market. It is a short cut plan to win the game and does not exist for a very long time. There include unethical or misleading activities which stands for a very short span of time.

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<td>Concern for relief from degradation of environment</td>
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Table 1- Factors deciding Black Ocean strategy in business during COVID19
Preventive measures taken by the Government Authorities, Establishments and Corporates:

- On April 1, 2020, the Minister of State for Personnel and Public Grievances Dr Jitendra Singh launched the National Monitoring Dashboard on COVID-19. The dashboard is to be developed and implemented by DARPG (Department of Administrative Reforms and Public Grievances). The main objective of the dash is quick and timely implementations of COVID-19 response and containment activities.

- A technical team has been formed to handle the public grievances on priority basis. The team will receive grievances from all the states, union territories and ministries as well. The portal is to address all types of grievances such as complaints regarding violation of lock down, essential supplies, quarantine facilities, examinations, rescheduling of interests of loans and requests of evacuation from foreign countries.

- Around 8.3 crore BPL families will be given free cylinders for the next three months. Women’s self-help groups will be eligible for Rs 20 lakh collateral free loans up from the earlier Rs 10 lakh.

- For instance, Avenue Supermarts, which runs DMart, is letting consumers enter their stores in batches through token system to help safe distancing, besides monitoring body temperatures of customers, sanitising their hands, and frequently cleaning trolleys, cash counter and shopping baskets.

- Round Table India has launched a free home delivery service for senior citizen living alone. Few contact person details are shared. Vashi Vaibhav Sachdev: 9933676707 | Kamlesh jain: 9820101606 Thane Priyank Agarwal: 9321324242 Andheri East Amith Dhanraj Bardia: 9320089690

- MUMBAI (ICIS)–India has asked its state governments to ensure continuous availability of ethanol/ethyl alcohol/extra neutral alcohol to manufacturers of hand sanitizers to meet the surge in demand due to the coronavirus pandemic.

- One must stock only the essential contingency product/s and must not thrive on to over stock, so others can also avail same.

- One must avoid fabrication of information leading to panic and create a black ocean in existing market.

CONCLUSION
We studies consumer panic buying under supply disruptions and explored how the retailer should adapt inventory and deal with to together demand-side and supply-side challenges during such contingencies. First, we analyse the main drivers for consumer panic buying. We show that a consumer will hoard product for future consumption only if his valuation of the product is overhead a threshold. Moreover, we find that consumers are more likely to hoard when the price of the product or the consumer holding cost is low, or when the consumers are risk averse, or less certain about obtaining the product in the succeeding period at present situation. Second, we understand how such situations lead to black ocean and marketers are using black ocean strategy as to create a hype regarding lack of supply or stating unethical practices and up to an extent even increasing rates. We display that when consumers are risk neutral, the retailer ought carry enough safety inventory to cover all demands in forthcoming period if both the supplier dependability and consumers’ desirability of the product is lower than certain threshold values; otherwise, he should carry no safety inventory at all. On the other hand, when consumers are risk loath, keeping safety inventory to please only partial of the demand is optimal under some situations. Furthermore, we show that panic buying must be controlled and one must stop over piling of products so others can also have a share of it.

RELEVANCE AND UTILITY OF THE STUDY
1. This study would be helpful to the citizens that they should avoid being panic at such situations.
2. This would bring attention of administrative bodies towards such creation of black ocean markets.
3. This study is an eye opener drawing attention towards marketers and retailers that they shall not promote such misleading or unethical situations which leads to panic and adds disturbance to the existing problems times.

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