

The Impact of the Covid-19 Pandemic on Consumer Spending in Flea Markets Evidence in Thailand

SUP AMORNPINYO
Faculty of Interdisciplinary Studies,
Khon Kaen University,
Nongkhai Campus, Muang District, Nongkhai, 43000,
THAILAND

Abstract: - The current COVID-19 pandemic affects all segments of the economic system. In many countries, the governments have announced a country-wide shut down and adopted various COVID-19 preventive measures to control the spread. The public health and economic crisis change consumer behaviour. People reduce shopping frequency and shift to stores closer to their homes. This directly affects the business sector. The goal of this research is to examine factors influencing the purchase decision of flea-market consumers. This research implements a mixed-method vendor survey to study the impact of the COVID-19 crisis on the purchase decision based on four factors in the marketing mix, which consists of product, price, promotion and place. For flea markets in Thailand, the place has no statistical significance. Understanding consumer behaviour can increase selling channels for vendors. In addition, online selling is not only an option that helps vendors to increase their sales, but also a way to survive in the COVID-19 crisis.

Key-Words: - Purchase decision, Consumer behavior, Flea market, Marketing mix, Mixed methods, COVID-19

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1 Introduction

The *Corona Virus Disease* (COVID-19) pandemic has drastic negative impacts on the global economy, both domestically and abroad. In the COVID-19 crisis, small businesses have taken the direct impact. In the United States, many employees had been laid off and some small businesses had been closed just a few weeks into the crisis [5]. In Europe, the start-up industry which is the most important driving power in the economic sector has received a lot of negative impact from the COVID-19 pandemic [15], [16]. One important thing that helps control the crisis is the government's control order of the government. In Malaysia, after the announcement of the order, the income of small enterprises decreased dramatically because the involved supporting sectors such as retails and transportation had been closed [12].

The crisis has affected progress towards every sector of Thailand and the government has announced a country-wide shut down and applied various steps to control the spread of COVID-19. The period of lockdown has caused the mental health problem and led to some symptoms of depression and anxiety. This impact becomes a major obstacle to achieving the Twelfth National Economic and Social Plan of Thailand that emphasizes economic growth in terms of investment for both public and private sectors. The plan is to

enhance community self-reliance, stimulate entrepreneurship and promote small enterprises [24]. The most important impact of the crisis is on consumers, the smallest sector that affects every sector of the economic system. To endure the crisis, people think differently, live differently, and buy differently. They reduce shopping frequency, buy from stores closer to their homes and change the factor of purchase decision. A *flea market* is an alternative marketplace system that serves specific needs of people and is embedded in the Thai experience for a long time. The changes of consumer attitudes, intentions and purchasing patterns could be permanent and this is a direct impact on the flea market economy. Even though the COVID-19 crisis continues to develop gradually, by understanding the changes of consumer behaviour that are happening now, we can consider what vendors should do today to prepare for the future.

2 Literature Review

A *market* is a place where people gather to buy, sell or exchange products; however, the definition of flea market has changed over time and differed from place to place. Hansson and Brembeck [13] define a *flea market* as a place, a building, or an open space, where vendors sell a variety of products to different

target groups of customers. Flea markets are operated by various types of organizations, not only local government organizations. The proliferation of flea markets is an indicator of a local economy [8]. In this COVID-19 pandemic, fruit and vegetable markets were significantly impacted [20]. The *purchase decision* is a decision-making stage of consumers that leads them to purchase a product or service. The purchase decision is influenced by the quality of product and service, the price, and the situation [7], [21]. The quality affects the customer satisfaction that can lead to the brand loyalty [14], [29]. The impact of the price depends on the consumer income and the cost of living [3]. However, the price can be varied and depend on places and inventories [9]. The response of consumers to the simultaneous change of price and package size increases the market tactics of sellers [28]. The decision can be interrupted due to unexpected situations such as a time of scarcity in the COVID-19 pandemic [19]. There are five roles involving this purchase decision: an originator, an influencer, a decision-maker, a buyer and a user [26].

There are more than 1,500 flea markets across Thailand with various types such as wet markets, floating markets, and former markets. Flea markets are major points for food and product distribution in Thailand. Consumers can easily find a flea market near them. Some of the flea markets are large and some are smaller. Some offer general merchandise while others specialize in one kind of product, like antiques or local products. In 2009, Janephrapong found that the price factor has the highest influence in purchase decisions of customers at flea markets in Mae Phrik District, Lampang Province. For a flea market in Muang District, Nakhon Ratchasima Province, not only the price is the most effective factor in the purchase decision, but also the closeness of flea markets and customers' homes [17]. In 2012, Thongrawd and Saninmool found that all marketing mix factors had an impact on purchase decisions of customers in night markets in Bangkok Metropolitan [25]. For Thonburi Market (Sanam Luang 2), the largest market in the Thonburi side of Bangkok, the purchase decision of customers significantly depends on the variety, standardization and quality of products [23]. Moreover, customers value the appropriate pricing for products and their decisions are also influenced by the market location and promotion. In a competitive market where vendors sell similar products, an effective sales strategy is very important to help increase sales and profits [1], [2], [18].

3 Research Methodology

An acceptable tool used in marketing to study the consumer behaviour in purchase decisions is the *marketing mix*. It consists of four key factors relating to the marketing of a product or service, which are *product*, *price*, *place* and *promotion*. The product is a good or service offered by a vendor to consumers. The price is the cost that consumers pay for a product or service. The place is where vendors sell a product, e.g., a flea market. The promotion is how vendors communicate and reveal a product to consumers. The marketing mix is a key factor in buying and selling processes and can be changed depending on the impact of political, economic and social situation on the market system [6, 18, 21]. The pricing and promotional strategies, especially a quantity discount, are effective marketing [27]. The price tag presentation on a new product combined with a discount can stimulate the purchase decision [4].

The mixed-method research consists of analysing data by using both qualitative and quantitative methods. We conduct focus groups for qualitative research and questionnaires for quantitative research. Since the survey questionnaires in our research are based on Likert scale, the methodology in the quantitative part is the nonparametric statistics consisting of the Mann Whitney U test and the Kruskal-Wallis test [10, 22]. The Mann Whitney U test is a method to compare two independent samples drawn randomly from the population. The Kruskal-Wallis test is a method to compare two or more groups of independent samples of equal or different sizes.

We examine the purchase decision of customers in five flea markets in a north-eastern (Isan) province of Thailand based on the marketing mix. Results from this research are intended to complement the future plan of vendors.

4 Research Results

The survey is conducted in a north-eastern (Isan) province of Thailand. There are five major flea markets in this province: flea markets A, B, C, D and E. The detail of each market is as follows. Flea market A opens on Sunday and Tuesday from 3pm to 9pm, and has a capacity to host approximately 70 vendors. Flea market B opens on Wednesday and Thursday from 3pm to 9pm, and has capacity for 30 vendors. Flea market C opens on Wednesday from 3pm to 9pm, and has a capacity of 20 vendors. Flea market D opens on Friday from 3pm to 9pm, and has a capacity to host approximately 40 vendors.

Flea market E opens on Wednesday from 2pm to 5pm and has capacity for 20 vendors. The researchers collected the data from all vendors in these five flea markets. The contingency table below (Table 1) shows the percentage of five major flea markets and types of goods, which can be represented as a bar chart in Figure 1. The proportion of flea-markets and types of goods are shown in Figure 2(a) and 2(b), respectively.

Table 1. Contingency table based on percentage of overall total

Flea market	Fresh Food	Deli	Others	Total
A	3.33%	18.67%	4.67%	26.67%
B	5.33%	10.00%	4.67%	20.00%
C	3.33%	14.67%	8.67%	26.67%
D	6.00%	7.33%	0.00%	13.33%
E	1.33%	9.33%	2.67%	13.33%
Total	19.33%	60.00%	20.67%	100.00%

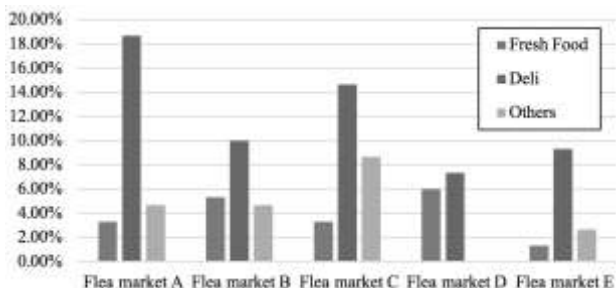


Fig. 1: Bar chart of types of goods in five major flea markets

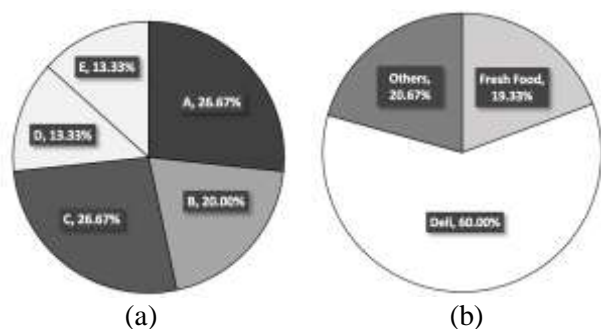


Fig. 2: Pie charts of flea-markets proportion and types of goods proportion.

Due to the COVID-19 outbreak in the province and the Thailand government measures, the flea-market functionality and customer behaviour have changed and vendors receive the direct impact from the changes. This research implements a mixed-method vendor survey to understand the impact of

the COVID-19 crisis on flea-market dynamics and demand for products in the province.

Vendor Perceptions on Customer Purchase Decision

Flea markets in the province have compiled the government preventive measures as follows.

1. The entrance and exit must be specified and everyone passing the entrance must be screened for body temperature.
2. Every person entering the market must wear a facial mask at all times.
3. Everyone must maintain social distance at least 1 meter. Every flea market must determine the stalls' position to decrease crowding and the possibility of being infected. Every dining area must manage seats at least 1 meter apart or have a partition between each table.
4. Every flea market must provide a hand washing station or 70% alcohol gel at service points, e.g., entrances, exits, and payment points.
5. Every flea market must regularly clean the entire market every day. For toilets, tables, seats and all surfaces of service must be cleaned even more often, e.g., between 2-4 hours.
6. Every flea market must provide information about eating hot food and using a serving spoon (own spoon) or disposable serving utensils.
7. Every flea market must determine if the market is overcrowded, and limit the amount of customer service interactions.
8. Every stall must set the plastic partitions between customers and products to prevent saliva or other secretions falling into the products, and avoid touching money directly. Using payment methods via QR code or internet banking is recommended. In addition, the product preparation and handling zones must be separated.
9. Every flea market must apply the efficient waste management consisting of collection, segregation, storage, transportation, treatment and disposal of waste appropriately. A janitor must wear an appropriate protection uniform. Permanent gloves must be carefully washed and dried after using them. Disposable gloves must be left in mixed waste bins. After the gloves are taken off, the janitor must wash hands up to elbows with water and soap. All cloth must be cleaned or thrown away after using.

However, these preventive measures cannot help vendors to increase their sales and the COVID-19 pandemic still has highly impacted on these flea-market dynamics. Most products in the flea markets are deli and fresh food.

Fresh food and Deli are compared using Mann Whitney U test. The null and alternative hypotheses are

$$H_0: M_1 - M_2 = 0$$

$$H_1: M_1 - M_2 \neq 0.$$

The test statistic U is equal to 2536.5 and the p -value equals 0.0000. At 5% level of significance, there is a statistically significant difference between the fresh food and the deli. From the data, the sales of the deli is higher than of the fresh food. Therefore, most customers prefer ready-to-eat foods more than foods that need further cooking processes.

To examine customers by genders, we conduct the Mann Whitney U test,

$$H_0: M_1 - M_2 = 0$$

$$H_1: M_1 - M_2 \neq 0.$$

The test statistic U is equal to 8288.5 and the p -value equals 0.0000. At 5% level of significance, there is a statistically significant difference between the male and the female. We found that women come to flea markets more than men; moreover, most male sold products are bought by women.

Next, we analyse the customer behaviour in vendor point of views by using the marketing mix, which consists of product, price, place and promotion. From Kruskal-Wallis test,

$$H_0: M_1 = M_2 = M_3 = M_4$$

$$H_1: \text{Not all } M_i \text{ are equal, where } i = 1, 2, 3, 4.$$

The test statistic H equals 37.62 and the p -value is 0.000. Therefore, there is sufficient evidence of significance that at least one M_i differs from the rest at 0.05 significance level. By using Bonferroni procedure, we found that there is insufficient evidence of a significant difference among product, price and promotion; however, there is a significant difference between these three factors and place as shown in Figure 3.

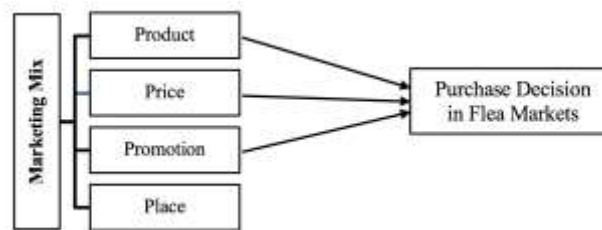


Fig. 3: The relationship between the four factors in marketing mix and the purchase decision of customers in the flea markets.

The researcher conducted the quantitative method by using the Mann Whitney U test and the Kruskal-Wallis test and the summary of the findings is shown in Table 2.

Table 2. Summary of the findings

	Test Statistic and p -value	Results
Fresh food VS Deli	$U = 2536.5$ p -value = 0.0000	Statistically significant difference
Male VS Female	$U = 8288.5$ p -value = 0.0000	Statistically significant difference
Product VS Price VS Place VS Promotion	$H = 37.62$ p -value = 0.0000	At least one of the factors is statistically difference.

According to Table 2, the p -value less than 0.05 is statistically significant different. It indicates that there is a difference in the customer preference between fresh food and deli at the 5% significant level. Similarly, there is a difference in the customer gender between male and female at the 5% significant level. In the 4-factor of the marketing mix, the p -value less than 0.05 is statistically significantly different among these 4 factors. It implies that there is at least one factor different from the rest on the purchase decision of customers at the 5% significant level.

The overview of customer behaviour in the flea markets is that customers decide to purchase products by themselves and on average they spend 50-100 baht in the time interval 15:00-19:00 of day. Vendors at flea markets are affected by the COVID-19 crisis because of the change of customer behaviour and the preventive measure, while only a small number of vendors can adapt to the situation by starting online sales.

However, for some vendors whose target groups are elderly persons, online sales may not be a good option because many older adults have never used the internet or do not have internet access at home. For instance, betel nuts are products for older adults

so to increase sales by online platform is almost impossible. Even though almost all customers in the flea markets have mobile phones, many of them cannot afford smartphones with a performance to access internet or internet package. Scan to Pay allows customers to scan a QR code at any retail store and make a payment; in addition, it can reduce the risk of COVID-19 because of no touching money bills. However, because of the internet accessibility problem, it cannot help decreasing the risk. Even though the trading still happens in this time period, the sales have decreased dramatically compared with the period of time before the COVID-19 crisis.

According to the culture of north-eastern people, flea markets are not only places for buying goods, but also places for hanging out with their friends and families. The COVID-19 crisis makes them less face to face communication and far apart, especially elderly people.

5 Discussion

The deli and fresh food have highest sales among other products in the flea markets; however, the significant result in the Mann Whitney *U* test indicates that there is a difference between these two. In addition, the vendor point of view on the customer behaviour shows that most consumers in the flea markets prefer deli. Therefore, a new vendor in flea markets should consider selling deli foods. Moreover, farmers who want to sell fresh products should consider selling to deli vendors instead of selling to customers directly. This suggestion is from the vendors in the five flea markets.

The majority of customers in flea markets are female; moreover, most male products are also bought by women. This is due to the fact that in Thai culture, especially Isan, women remain to handle household jobs and take care of everyone in their houses according to the group interview. Thus, vendors should take into account the needs of women when they supply goods.

The location of a flea market does not have an influence on the purchase decision of customers because most customers travel to flea markets by their own vehicles which are cars and motorcycles. As long as vendors can meet three factors, product, price and promotion, then they can sell their products at any flea market according to the group interview.

Since the average price of sold products is in the range 50-100 baht, vendors should sell products whose prices are less than or equal to 100 baht because a customer can easily make a purchase

decision on a product in this price range. Flea markets can be a place for a person looking for a secondary occupation because most customers make purchases at flea markets in the time interval 15:00-19:00. According to the group interview, the reasons for high sales in this period are mainly due to good weather, after work and after school. In [25], all factors in the marketing mix, product, price, place and promotion, affect the purchase decision of customers in Bangkok flea markets; however, our result shows that all factors except place have an impact on the purchase decision of customers in flea markets in the north-eastern (Isan) province of Thailand

6 Conclusion

The factors influencing the purchase decision of flea-market consumers are product, price, and promotion. Even though flea markets have complied with the preventive measures as follows: screening body temperature, wearing facial mask, maintaining social distance, installing hand washing stations, cleaning service areas and surfaces regularly, limiting the amount of customer service interactions, being cautious in touching products or money, and applying efficient waste management. Following each wave of COVID-19 in Thailand, the sales of flea markets always decrease. The country-wide shutdown that the government has announced in the COVID-19 pandemic requires people to be able to stay outdoors between specified hours. This affects the living of Thai people and the opening period of flea-markets in Thailand. The shortened opening time has become the limitation of this study.

Selling products online can help vendors to increase their sales and endure the COVID-19 crisis. Now there are many online platforms that can be used, for instance, Facebook, Instagram, Line, TikTok, etc. There are also popular e-market places in Thailand such as Lazada and Shopee. Vendors want to have online sales; however, not every vendor can start selling products online because it is more than setting up a website and uploading images, especially, elderly vendors. This issue is often discussed among elderly vendors.

In the current report of WHO about the COVID-19 pandemic, the virus that causes COVID-19 changes over time, that means it is impossible to expect the same as before the crisis. Every sector of the economy around the world is affected and this leads to changes in how businesses transform and consumers respond [11]. Not only in Thailand, but also in other parts of the world the income of small

businesses is decreasing and owners of businesses try to find the best way to survive in this crisis [5, 16]. So, every vendor in flea markets must transform themselves to survive and live with COVID-19. Online selling is an option that helps vendors to increase their sales; however, understanding consumer behaviour is a key factor to help vendors come up with new selling strategies and to survive in the COVID-19 crisis.

Now the COVID-19 situation is getting better and the government has relaxed the COVID-19 control measures. Flea-markets are almost back to their normal stage; in the meanwhile, many vendors have adjusted to sell products online. The scope for the future study can be specified to flea-markets vendors.

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