CHAPTER I
INTRODUCTION

1.1. Research Background

The world is currently in an uproar with the spread of the corona virus which has become a global pandemic. As of 27 April 2021, WHO (2021) reported that there have been over 147 million confirmed global cases of Covid-19. Covid-19 outbreak has triggered panic buying from citizens in many countries who are trying to stock up large amounts of daily necessities. The panic buying phenomenon have been observed during this pandemic in many countries such as the USA, UK, Italy, Spain, Australia, Singapore, and Japan (Sim et al., 2020). Thus, not only Covid-19, but the panic buying phenomenon also spread throughout the world.

Lately, the phenomenon of panic buying is often seen in the society as one of the impacts caused by the outbreak of Covid-19. Panic buying happens as the consumers suddenly purchase large amounts of unusual products in response to anticipate price increase or shortage of certain product during or after a disaster (Yuen et al., 2020). Since the impact of corona virus severity is getting worse, it makes consumers to start hoarding various important items for their household needs. Moreover, the lockdown decision made by the government also causes panic to buy a bulk of needs to be increased.

A long queue at the supermarkets have been reported from consumers across the world for several weeks because of many consumers who want to stock up on items ranging from masks, hand sanitizers to toilet paper (Thukral, 2020). Not only masks and health needs, it also seemed that the citizens are flocking to the

supermarkets to buy basic necessities to prepare for the life in the age of Covid-19 pandemic.
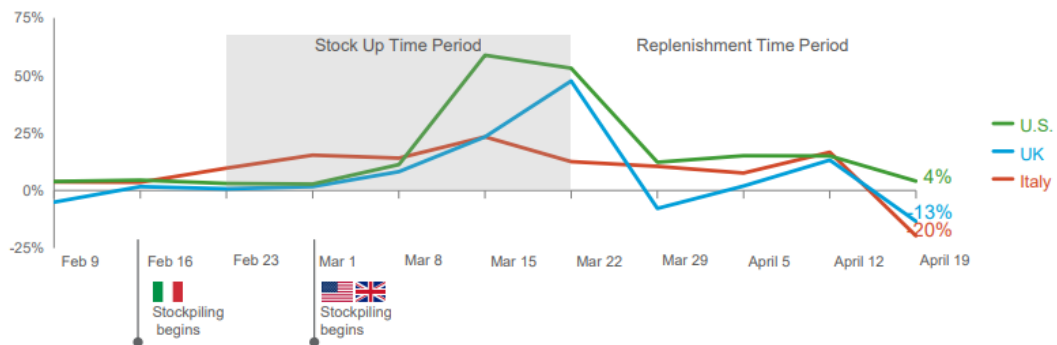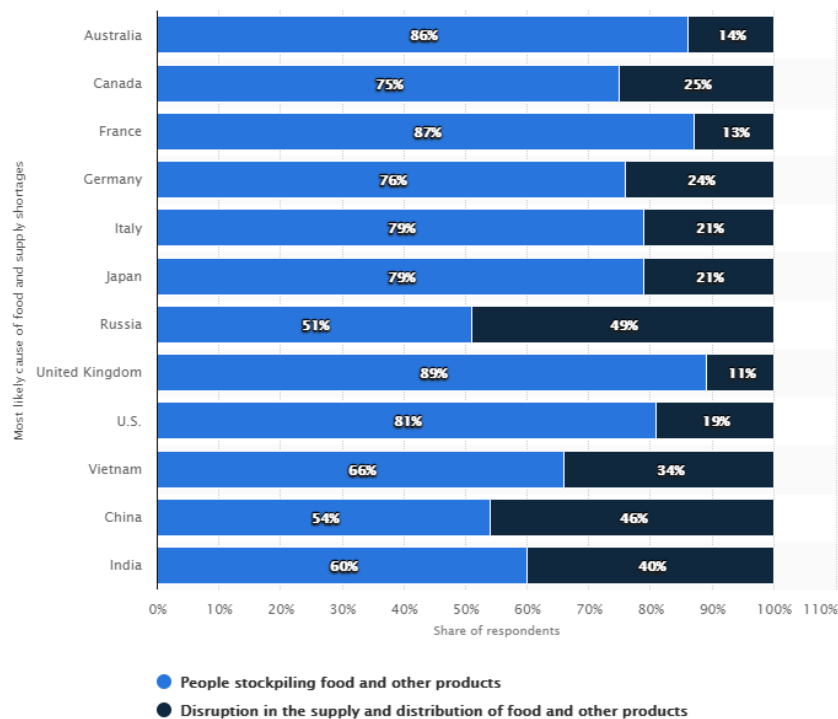
Figure 1.1
Retail Stock up and Replenishment Time Period
On February 9 – April 19, 2020

According to data on figure 1.2, it shows a massive spike on retail stores sales in the US, UK, and Italy. A sharp increase in sales was up 4% in the U.S, followed by 13% in the UK, and 20% in Italy. The consumer begins to stockpile in late February and it spikes massively in mid-March, and then rapidly declines by early April. Nevertheless, some other countries experienced panic earlier while some occurred much later as the Covid-19 cases were rising significantly in many countries all around the world.

Meanwhile in Indonesia, along with the increasing number of infections due to the spread of Covid-19, the government has introduced a resolution to prevent the spread of coronavirus by establishing the Large-Scale Social Restrictions (PSBB) for fourteen days in some cities in Indonesia. The public responded to the announcement by panic buying at certain number of shopping centers. As how it happened at the Grand Lucky shopping center in the SCBD area, South Jakarta, many people were stocking up for necessities such as instant noodles, rice, and oil. Customers also had seen queuing at the cashier in Superindo, Pulomas, West Jakarta. Moreover, some

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visitors who have run out of trolleys and baskets are still willing to wait for the other

visitor to finish shopping (Izzaty, 2020)

Country	People stockpiling food and other products	Disruption in the supply and distribution of food and other products
Australia	86%	14%
Canada	75%	25%
France	87%	13%
Germany	76%	24%
Italy	79%	21%
Japan	79%	21%
Russia	51%	49%
United Kingdom	89%	11%
U.S.	81%	19%
Vietnam	66%	34%
China	54%	46%
India	60%	40%

● People stockpiling food and other products
● Disruption in the supply and distribution of food and other products

Source: statista.com

Figure 1.2
Perceived cause of local food and supermarket shortages
as of March 15, 2020 by country

According to data on figure 1.1, the supermarket shortages in several countries are

most likely caused by consumers who stockpile food and other products as opposed to

supply and distribution disruptions. Consumers fear towards the scarcity of goods due

to a surge in demand in a short time has potential to trigger panic buying. The

shortages created by panic buying force consumers to dedicate more time and effort to

shop, trying to divert the time away from welfare-improving activities, as well as

generating psychological costs by inflicting anxiety and stress (Keane & Neal, 2020).

People also worried that the surge in demand will also lead to increase in price.

Abnormally high demand causes significant stick-outs, price increases, and the

possibility of quota buying imposition (Addo et al., 2020). It is these various forms of anxieties that make many people losing control to stock more than what is needed. Various problems caused by the corona virus pandemic also create a lot of uncertainty regarding the availability of goods within a certain period. Consumers tend to stockpile supplies in order to minimize the risk of future shortages (Yoon et al., 2017). This encourages people to panic buy in order to avoid supply shortages that might occur in the future.

Panic buying can be influenced by emotions fear of threats. Fear refers to an adaptive emotion that mobilizes energy in order to cope with potential threat (Mertens et al., 2020). That fear results in people losing control of emotions or losing sense of control. Most people perceive the corona virus as an invisible enemy and can infect anyone, anytime, and anywhere. This makes many people do not have the control to stop the virus infection. Under these conditions, panic buying can compensate for sense of control. This wave of anxiety makes people not only think about themselves but also their families. This anxiety also leads to anticipatory action, so they have to stock up the goods in bulk to meet their long-term needs during quarantine.

Overload information on social media becomes the agent that contributes to make people panic buying and piling up goods. Uploaded photos and contents that show empty shelves in supermarkets, scarcity of product supply and comments from people who panic buy things can triggers people to do the same. In spite of that, information shared across social media plays a big role in controlling panic buying by spreading positive messages and reducing fear (Arafat et al., 2020). Media plays big roles on fueling social perception towards products scarcity and supply chain status (Arafat et al., 2020).

At times of unexpected and uncommon occurrences as in the Covid-19 Pandemic, newness of the condition makes it difficult to rely thoroughly on current cognitive knowledge structures, which may lead to the circulation of fake news. People are unable to react and adapt optimally to what is going on until they have the ability to conceptualize and manage the current information (Laato et al., 2020). Such effects are contagious to other consumers especially for those consumers who do not get enough and clear information regarding the availability of goods.

Panic buying happened in almost all regions in Indonesia, including Padang. The fear and panic was started from when President Joko Widodo announced two confirmed cases of Corona virus in Indonesia. In addition, the PSBB regulation which is enacted in April to cities or regions with relatively high numbers of cases, such as Jakarta, Surabaya, Bandung, Semarang, including Padang. This regulation caused many people in Padang are flocked to stock up items at supermarkets. The Indonesian Retailers Association (Aprindo) reported that the panic buying raised 10% to 15% of daily spending compared to normal days (Izzaty, 2020). Meanwhile, several pharmacies in Padang experienced a stock scarcity for mask. The price of hand sanitizer also doubled from the normal price (Haluan, 2020). Many customers also spotted mass shopping in several supermarkets in Padang as soon as the government announced the PSBB policy to be enforced sooner due to an appearance of a new case in Padang.

The health crises caused by COVID-19 has changed the fundamental basis of consumer buying behavior. Panic buying is one of the impacts on this change of consumer behavior. If consumer often stockpile large amount of products, it may cause supply disruption (Zheng et al., 2020). Panic buying becomes a major global phenomenon and is essential for economic, social and psychological studies.

Nevertheless, there are still few studies that discuss about it, especially on the link with social media influence that forms panic buying. Therefore, this research examines the effect of perceived product scarcity, emotion and social media consumption that trigger panic buying of consumers in Padang City during the early phase of COVID-19 pandemic.

The study will be further discussed and elaborated in this research with the tittle: **"The Influence of Perceived Scarcity, Emotion and Social Media Information Overload towards Panic Buying at Supermarket during the Early Phase of Covid-19 Pandemic in Pandang"**

1.2. Problem Statement

As described on the research background, the problem statement can be identified as follow:

1. How does perceived scarcity affect panic buying at supermarket during the early phase of covid-19 pandemic in Padang?

2. How does emotion affect panic buying at supermarket during the early phase of covid-19 pandemic in Padang?

3. How does social media information overload affect panic buying at supermarket during the early phase of covid-19 pandemic in Padang?

1.3. Research Objectives

The author realized the importance of identifying the effect of perceived scarcity, emotion and social media information overload on panic buying at Supermarket during the early phase of Covid-19 pandemic in Padang. Therefore, the purposes of the research are:

1. To analyze the influence of perceived scarcity effect on panic buying at supermarket during covid-19 pandemic in Padang.

2. To analyze the influence of emotion effect on panic buying at supermarket during the early phase of covid-19 pandemic in Padang.

3. To analyze the influence of social media information overload effect on panic buying at supermarket during the early phase of covid-19 pandemic in Padang.

1.4. Contribution of the Research

1.4.1. Theoretical Contribution

From the results that are obtained through the observation of the research, hopefully it can be used as the reference and source that contribute to the development of future studies on the changing of consumer behavior, especially panic buying during Covid-19 pandemic considering the few amount of empirical research on this study. This research also provides information and knowledge as useful insight for the researchers regarding the factors that exist in affecting the phenomenon of panic buying.

1.4.2 Practical Contribution

The results and information provided in this research hopefully can help the government in minimizing panic buying behavior to prevent the negative impact it may cause to the economy. For business and retailers sector, this research can help develop a better business performance, especially during global pandemic or crises. Extensive tactics can be proposed by retailers in order to protect the business from severe losses as the result of supply chain disruption.

1.5. Scope of Research

The research focuses on citizens in Padang who were involved with panic buying. The research will emphasize more on the perceived scarcity, emotion and the social

media information overload that may affect the panic buying behavior by the consumer during the early phase of Covid-19 Pandemic.

1.6. Outline of Research

To make this research become easier to be analyzed, it is necessary to arrange and simplify the research into five chapters, namely:

CHAPTER I: INTRODUCTION

The first chapter of this research examines the background of the research, the problem statements, the objective of the research, the core benefit of the research, the scope of the research, and the research outlines.

CHAPTER II: LITERATURE REVIEW

The second chapter elaborates the research by using supportive statement from previous studies that are relevant to the topics that are being discussed in this study. These previous studies will contribute to support the hypothesis of the study.

CHAPTER III: RESEARCH METHODS

The third chapter elaborates the methods used to analyze the study. In this section, the author states the object of the study, population data and data sources, data collection techniques, definition of variables, and the amount of sample and population needed for the research to help generate the influence that the independent variables have toward dependent variable.

CHAPTER IV: RESULT AND DISCUSSION

This chapter provides the results of the analysis of the research, the characteristic of the respondent, and the descriptive analysis.

CHAPTER V: CONCLUSION AND SUGGESTION
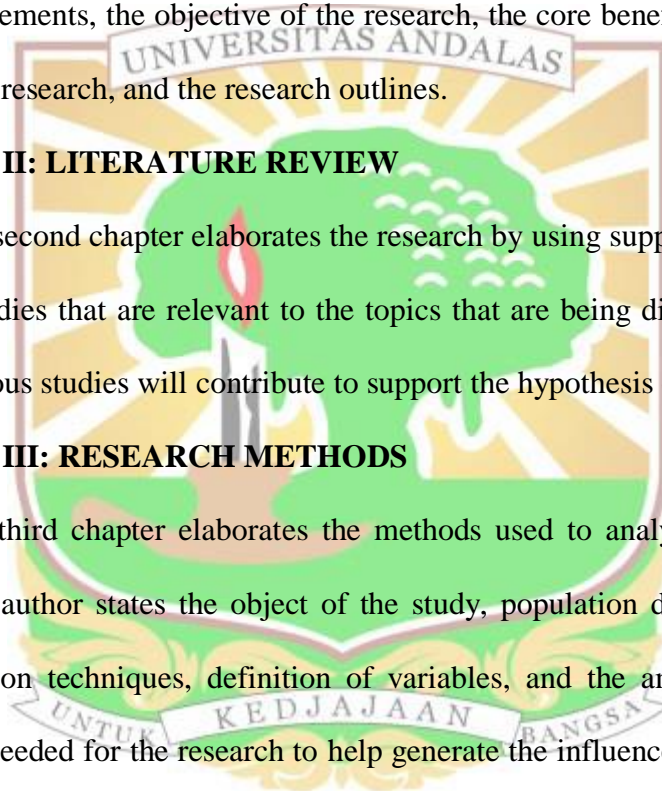
The fifth chapter contains the conclusion from the observation that has been conducted in   the research. This chapter shows the positive or negative influence between the variables and provides recommendation for future research.