

Students discretionary spending during the COVID-19 pandemic

Nguyen Vo Ta

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Author:	Nguyen Vo Ta
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Supervisor (Arcada):	Patrik Pehrsson
Commissioned by:	
<p>Abstract:</p> <p>This research aims at examining the student interest within the Covid-19 since it has been challenging for students to suddenly switch to virtual learning, living in periods of restrictions that tighten and loosen as the year advances. The author approaches the topic with a qualitative point of view and via a google form to then be able to collect data from students within Helsinki. The framework that is holding everything is Maslow Hierarchy of Needs where understanding at what point the majority of students are within the pyramids would then be able to provide a clear aid to businesses on where they are, what they should be focusing on during the pandemic and also potentially afterward since the questions within the google form compares the past, the present and the future. The data that was collected would indicate that the majority are within the physiological need while some were able to advance and are within the safety needs of the pyramid.</p>	
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1. BACKGROUND

Many events occurred within 2020 that would prove to be challenging both economically and environmentally. Be they multiple occurrences of a wildfire that spans many days (Gleason, Enloe, 2020) to the locus crisis (Charlton, 2020) and many others that still do not affect people with a long-lasting effect like COVID-19. It forces everyone to pause whatever they were doing, and instead of staying at home quarantined for supposedly a couple of weeks, it has transpired to something that is still ongoing. Many industries took a hit within their job force and supply chain when suddenly there is a drop in orders, but some prosper. For example, companies like Amazon (Day, 2020) were able to profit in the needs of grocery delivery services, among many other services, in various countries where it was difficult to avoid people while being outside. Another would be streaming companies like Netflix (Rushe and Lee, 2020) that offer the people at home something to do using their catalogue of movies and shows that one can binge and consume to keep their mind occupied instead of the current situation around them. Lastly, some companies would never expect to make a considerable profit from products like toilet paper and masks. (Narishkin, Cameron, and Barranco, 2020)

Contrary to those success stories, many businesses were not prepared to adjust their business model that had to be changed quickly to comply with the multitude of physical restrictions and virtual opportunities that occur because of the pandemic. (Bartik et al., 2020) Going out is equivalent to rolling the dice on the possibility of getting COVID-19, with an increased risk the longer one stay outside (CDC, 2020); it is understandable for consumers to be reluctant to go out and spend their money.

1.1 Aim and Research Question

The students within the Helsinki region are the population for this research since they are an integral part of the economy of Helsinki that will be affected by the restrictions that the pandemic imposes. The insight would help companies with a business to customers (B2C) oriented where the customers' transactions are their lifeline. To recognize what sells during the ever-changing environment that is the COVID-19 and from there able to adapt their twist on it so that they can then proceed to either stay afloat or rise as other companies are struggling in multiple aspects. Time is changing,

and the hope is that the pandemic will be over as soon as possible, but if it lasts for a longer duration, there would be information regarding this subject since the cost of running a business is still there. This current time is the best period to research and delve deeper since there has not been any way to restrict students and their interests quite like this before.

That is why the research question is:

- Where are students spending their discretionary income?
- What is their discretionary spending priority during COVID-19?

1.2 Research Method and Materials

A web survey will be the method of collecting data for the research. First, the questions will be tailored to the Finnish students while using other research papers regarding the effect of COVID-19 to formulate the questions. Then, using an inductive approach, the goal is to recognize a pattern within the responses and arrive at a finding that is beneficial to the company trying to stay positive in the pandemic or learn what the student population cares about.

1.3 Motivation for the choice of the research topic

When the lockdown was in effect, there was a restriction on what one could and could not do. Being outside without a mask was frowned upon; the same could be mentioned regarding gathering in large groups and unnecessary physical contact. The researcher notices a change in his spending habits where the amount spent on food deliveries increases and the amount spent on nightlife activities decreases. Even though access to the groceries stores was readily available, it was getting increasingly difficult to keep going out either because of the risk of getting COVID-19 or just purely because there was no motivation to do so. Instead, food deliveries were used more often when eating was still a necessary activity while cooking became more and more dreadful. Entertainment was also getting incredibly scarce as time progressed indoor, where every day was the same with small variations since everyone could not go on with their lives. However, until

that happened, the researcher thought it would be interesting information to gather regarding the students like the researcher's own condition where they still have to study and advance with their life while being forced to be indoor. Other papers related to this subject have been in other countries, but none of them target the Finnish demographic. So this thesis would have its merit within the Finnish market, specifically the Helsinki market.

1.4 Definition of Discretionary Spending

There is a clear divide between spending seen as a necessity and those for leisure. Unlike rent, debt, and day-to-day groceries necessary to people's health and living conditions, some spending is more to improve people's life quality but is not a must to survive. Those are voluntary activities that are more vulnerable to the effect of the economy and trends worldwide. One example that can be drawn is the COVID-19 pandemic, the tourism industry took a big hit when borders closed, and people were recommended to stay inside (Unwto.org, 2019)



Source: (Unwto.org, August 2020)

Figure 1: Report regarding the impact of COVID-19 on Tourism

Since one source of discretionary spending is now either limited or restricted, the money goes nowhere. Instead of going to the tourism industry, they can be diverted to the entertainment industry (Shaw, 2020) or other venues, but it also could be going into saving. Since the pandemic's unstable economy and the massive exodus of jobs, saving for a better time would also be a good alternative even if the consumer can afford the discretionary spending before the pandemic. That would be interesting to investigate as students who may have had the opportunity to travel in 2020 had to change their plan and spend their disposable income somewhere else.

The point to raise is that not all discretionary spending is competing on the same level; some are more enticing than others, so one would have to catch up or continue with the lead. Another perspective is that since everyone is stuck at home, what can they purchase to entertain themselves, what services to subscribe and what can companies do to market themselves to potentially more customers than ever. People may be stuck at home, but so are their wallets, waiting to be open.

1.5 Expected Results

One venue that the researcher suspect currently is prospering is the food delivery service industry (Butler, 2020). Another would be the gaming industry (Ewen, 2020), where they have their returning customer stuck at home and potential new customers who are looking for activities to entertain them. One can already see the entertainment industry capitalizing on the number of people being forced to look for ways to entertain themselves and would not have any choice but pay up as subscription increases in price.

Using his own life as a reference, the researcher believes that the data would show that food delivery services would be at the top when ranked in terms of discretionary spending. The reason for that assessment is that many students' lives either by themselves or with other students who would struggle with cooking every day since they had many other opportunities to not engage in such a thing with school lunch, other restaurants, and fast-food chains. Streaming services would come second because of their rise in popularity as people are watching reruns of shows and discovering new songs (Wlömert

and Papiés, 2016). Finally, gaming would be the third after-hours activity at the bottom since those activities were restricted in 2020-2021.

2 THEORY

This chapter is intended to create the foundation for understanding the later chapters within the thesis. It explains concepts that are the framework of this thesis, Maslow's hierarchy of needs, concepts that would aid in understanding the work, the current state of Finnish population spending habits, the intention of raising loans, and more, according to Statista Finland. There will also be mentions of other research papers that contain data from other countries regarding the pandemic.

2.1 Maslow Hierarchy of Needs

There is a reason why people do things the way they do. According to humanist psychologist Abraham Maslow, we do things because there are stages that we have to achieve that support us to reach the stage above it. Thus, we are controlled by our needs, preoccupied with them until they are sated, and from there, we can continue to progress further. In his book "A Theory of Human Motivation," the concept is described as the motivation to fulfil the fundamental needs and slowly rise to the most advanced ones. It is commonly depicted as a pyramid since, just like a pyramid, one would have to start from the base and upward to reach the top.

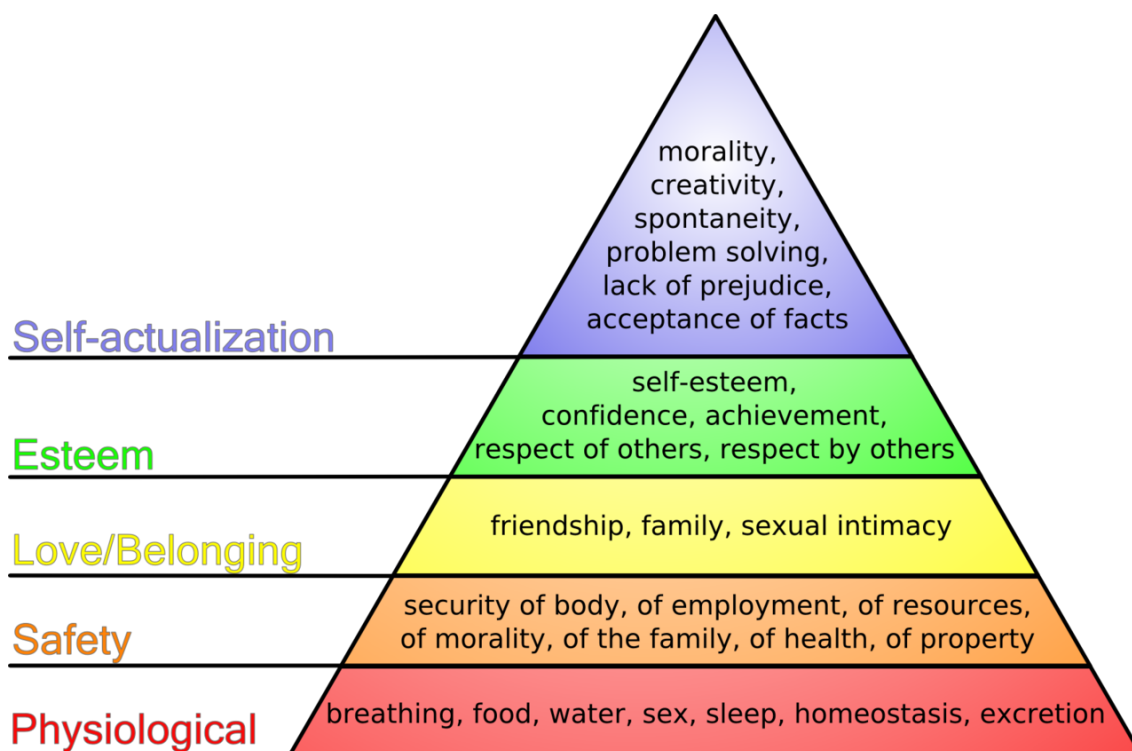


Figure 2: Maslow's Hierarchy of Needs illustration (Wikipedia Contributors, 2021)

Understanding the term and concept gives the data some perspective.

At the bottom are basic needs like food, water, sleep, and other equally essential concepts that would lead to our immediate death without it. Hunger, for example, could be the cause of overspending. According to the Proceedings of the National Academy of Sciences, hunger increases motivation to spend which is a welcoming insight for consumers to know regarding their purchase behaviour and something businesses can exploit.

When access to the resources that satiate the basic needs is available, they get to advance to the next quandary. Safety needs relate to the order and safety of each individual. Facing the unknown causes stress, and so to reach the next step, there has to be an established amount of predictability and control of their lives where they feel secure and safe.

Humans are social animals. We longed for affection and sought it so that we would not be left alone or being alienated. That is why the next step is love and belongingness

needs. Receiving things like intimacy, trust, and acceptance motivates us to continue further in the pyramid.

It is assumed that most of the target population has access to the first two needs. In addition, there are options regarding housing with priority toward students, funding to be received as they are studying, and the essential resources within Finland. According to the Helsinki region trend, the number of crimes has decreased since 2018, so the safety need is also satisfied. The needs that are in focus for this research paper are the love and belongingness needs. Things like the feeling of being socially isolated, worrying about the condition of their family members, and concern for the economy (Elmer, Mephram, and Stadtfeld, 2020) showcase the fact that they are hovering within these areas specific needs.

Because of the nature of this research and how the majority of the participants would lack other needs before they can reach the last two needs, they will not be mentioned. However, the pandemic already strains some sections within safety needs by affecting people's health, employment, and family safety. At the same time, one could acknowledge that the pandemic also brings issues within the ability to uphold relationships, maintain some sexual intimacy.

The theory itself also faces criticism because of the point that Maslow wanted to make. He proposes that people would not grow up to be healthy and fit within society's mould if they were not in an environment where their needs were met. (Kaur, 2013) Another point made by Nadler & Lawler (1979) cited in Graham & Messner (2000,p.198) was that the theory assumes every individual is similar enough that there can only be one way to meet those needs.

Meanwhile, a study from the University of Illinois offers another perspective to the criticism of the theory where individuals can still manage to be focusing on multiple different needs and that fulfilling needs out of order would not mean that it is less fulfilling. (Tay and Diener, 2011,p 364)

2.1.1 Maslow's Hierarchy of Needs application



Figure 3: Maslow's Hierarchy of Needs illustration for a workplace environment ((A Business Application of Maslow's Hierarchy of Needs, 2021)

Since the theory is all about motivation, it is used across many fields of expertise and perspective. An example of that is figure 3, where the application of the motivation theory is oriented at making sure the employees work in an optimal setting where they would be able to give their all for the company. The written text within each stage of the pyramid might be different, but as long as it follows Maslow's original intention with the pyramid, it should be a valid pyramid to use.

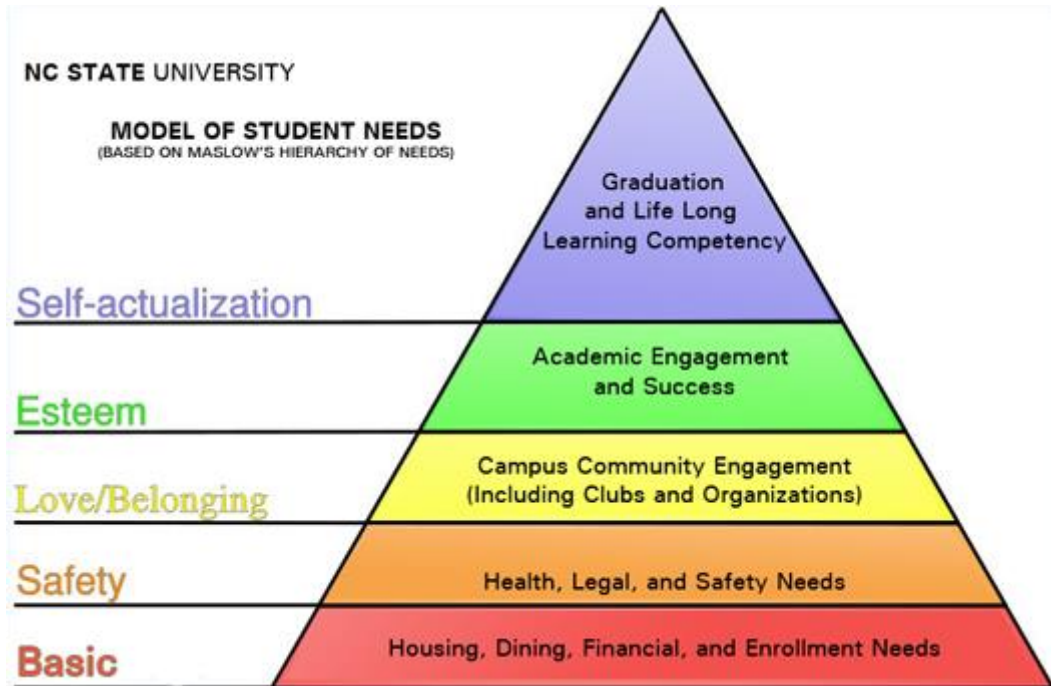


Figure 4: NC State University version of the pyramid (Ncsu.edu, 2021)

Figure 4 is a pyramid of motivation that is more oriented toward students where the main goal is to help students reach the point where they can graduate and accomplish great things were. To get there, they have to pass through many hurdles.

2.2 Consumer Durables

All products can be considered durable or non-durable goods. "Consumer durable goods are the items bought by households and individuals that last three years or more." (Bureau of Economic Analysis. "[Chapter 5: Personal Consumption Expenditures](#)," Pages 4-5.) Because of their long-lasting nature, durable products are purchased less often since their usage spans multiple years.

2.3 Business Implications

A student's weeks of school typically mean that the class they need to attend is not the case anymore, depending on where they are studying. Many schools have elected to be online and avoid group gatherings. That is one of the changes that are happening be-

cause of the pandemic. The method people spend their money, consuming items, and expectations have changed.

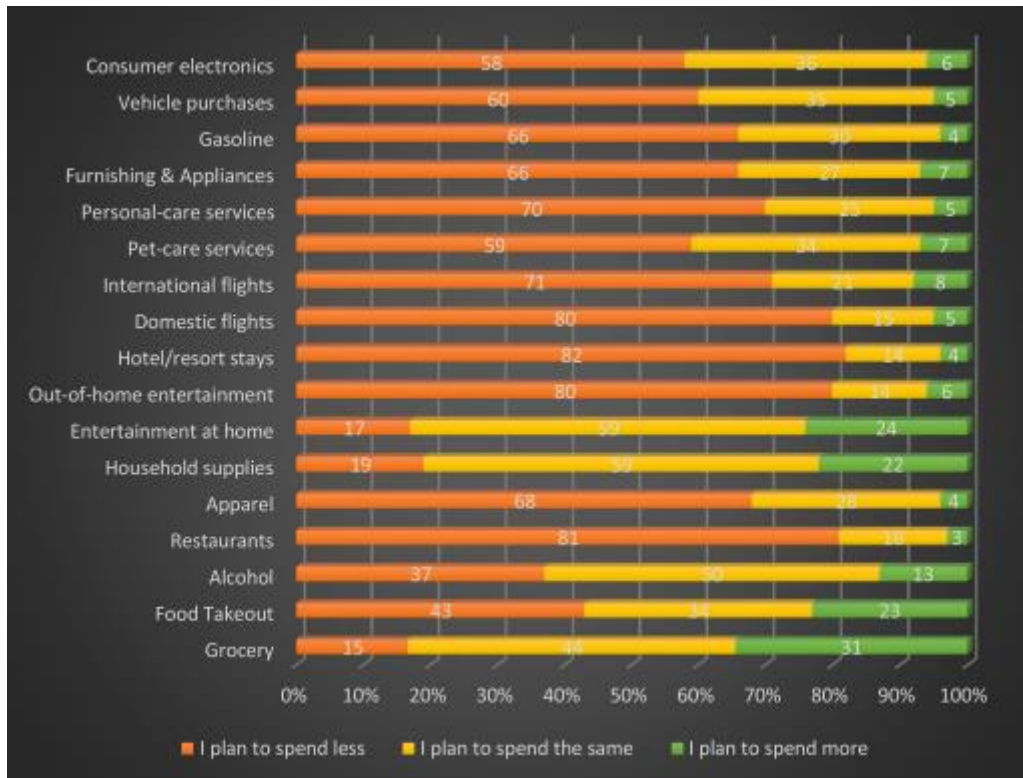


Figure 5: Retail category and the likelihood of spending for the customers (Kim, 2020)

Figure 5 shows the impact of Covid-19, where the amount spent is planned to be less, which could change when everything is back to normal. However, the culture cultivated during the pandemic could make it difficult since it remains to be seen if the way consumer spending will not get used to the fact that they have access to everything online.

Likewise, there is a trend that is on the rise like working virtually, domestic tourism. So, therefore, consideration has to be made since the past trends may not be applicable for future trends.

Figure 6 below has a couple of examples of how it has affected the world and the many affected paths. Therefore, one can postulate that it stems from the restricted of options & actions where now that they are subjected to the new norm when it is uncertain if it will stick when everything is over.

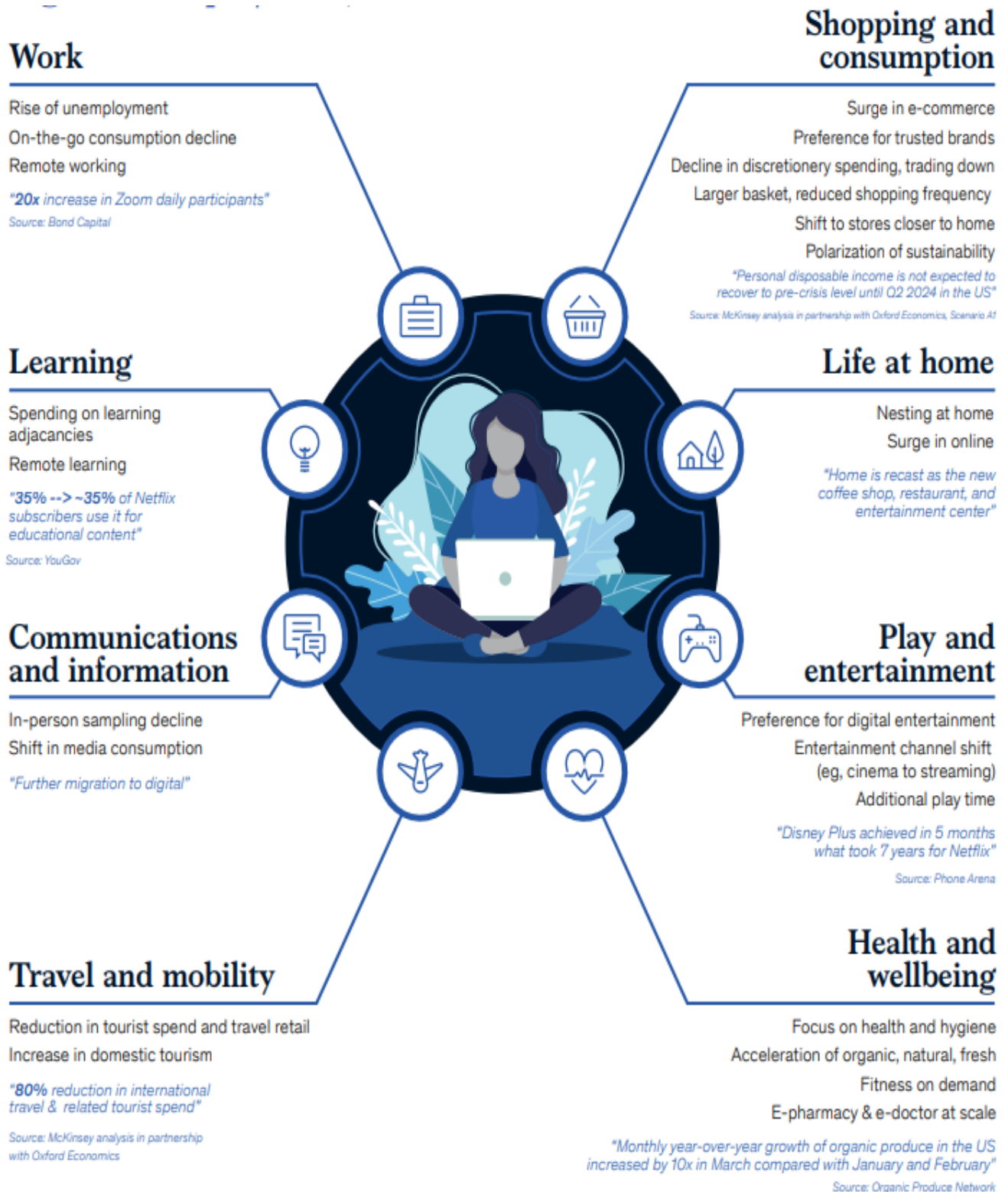


Figure 6: Infographic on changes that occur because of Covid-19 (Fabius et al., 2020)

Everything points toward a future where the public requires products to have an online presence, the ability to be purchased virtually, and doing their business there. It has

been an ongoing trend, but the pandemic has only increased the technology to advance even faster.

2.4 Discretionary Income/Disposable Income

Suppose one were to search both definitions in Merriam-Webster. In that case, they are almost identical except within the definition one is an income where you would only take account of the amount that is left when you have paid your taxes and paid for necessity. The latter counts everything after-tax as an income. The nuance is slight, but it makes a huge difference when looking at the amount each student has available to spend monthly.

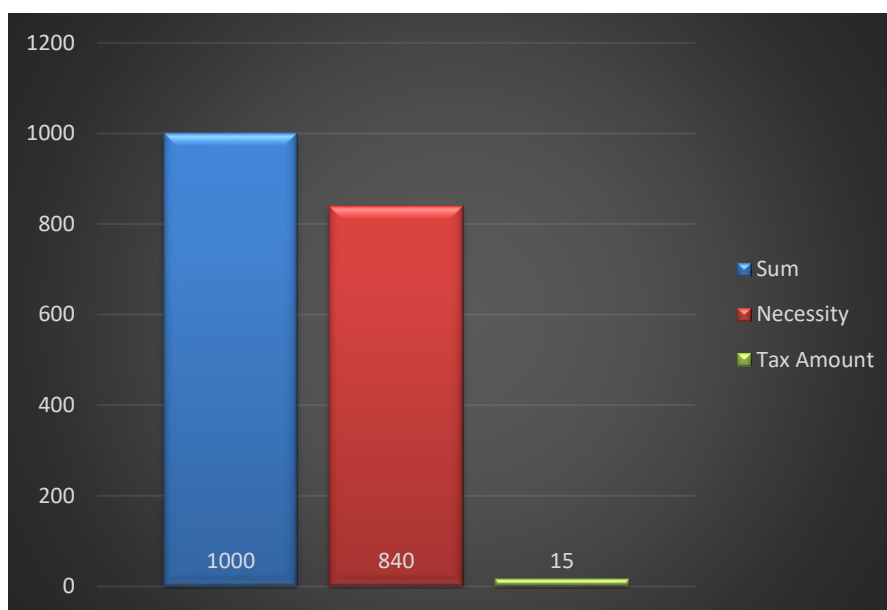


Figure 7: The fictional student disposable and discretionary income

A student with a 1000€ income with a tax percentage of 1,5% and an income limit of 13800€ would have 15€ deducted monthly. The leftover amount would be their disposable income. However, this specific student has a rent agreement costing 350€ a month. In addition, their monthly water cost 50€ and electricity of an average of 25€ a month. They also have a budget of 400€ for groceries. In total, after paying every bill that needs

to be paid every month, they are left with 160€, which is significantly less than what the disposable income would indicate, as shown above in figure 7.

2.5 What is known about the Finnish population's spending habits?

According to Statistic Finland, April of 2021 was considered the best time regarding the consumer's financial situation. It has been rising since the start of 2021, and in essence, it would mean that the consumer has an increase in their disposable income that could be redirected toward nonessential needs. At least 57% responded in April that they favoured raising a loan, while 24% either plan to raise a loan or have thought of doing so within the next 12 months.

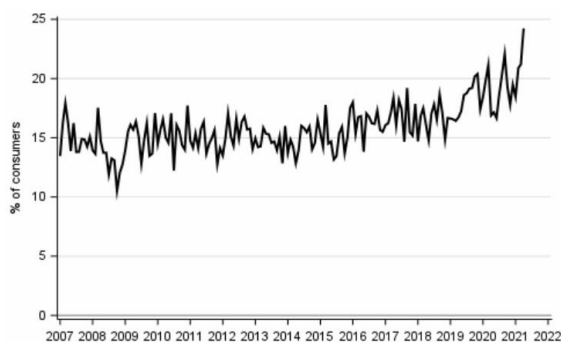


Figure 8: Customer intention to raise a loan in 2021 (Stat.fi, 2021)

There are data from Romania about the people and their changes in behaviour that would be interesting to examine if that is the same here in Finland. Even though Romania is 1.4 times smaller than Finland (Mylifeelsewhere.com, 2020), it has almost quadrupled the number of inhabitants. It postulates that there are stages that a country goes through to experience the pandemic.

"In the first stage - proactive behaviour aimed at increasing immunity and general health, this being followed by the stage of reactive health management, when purchases of protection products exploded. The third and fourth stages are the accumulation of supplies and the preparation for living in quarantine, followed by the real experience of a life full of restrictions. The last stage will be to return to normal, to the "new normal" (Silviu Stanciu et al., 2020)

Knowing where stage one is at would help with identifying the priorities of the consumer. For example, while they were in stage 1, Romania increased sales by 37.2%, where they compare the difference between the 23rd of February and 15th of March from 2019 to 2020. Breaking down further, one would see that there was a high increase in the purchase of personal care products and food products. It is something to be included in the survey to gauge if the students had the same priority.

2.5.1 Changes in higher education students

The result of the research of the COVID-19 pandemic affecting higher education students globally shows that there are changes in habits that can be examined if the students within the Helsinki area would be able to agree with. Habits that were highly encouraged by the restrictions on travel and activity were avoiding public transportation, working from home, and avoiding touching the face area. Students were also more likely to shop for food online and fill prescriptions. On the other hand, the pandemic also discouraged certain behaviours. For instance, among the most discouraged were leaving home unnecessarily and shaking hands with strangers. The students then followed by reaching out to close persons (39.0%), offering help to others (17.0%), and participating in recreational or fitness activities (39.8%). (Aleksander Aristovnik et al., 2020)

2.5.2 Available disposable income

According to Helsinki facts and figures 2020, There are 61,400 students within universities and universities of applied science in the Helsinki area in 2019. Since a student loan is 650 per month for nine months, if even only 14,736 students, an equivalent of 24%, plan to raise a loan, that would mean there is around 9,578,400€ monthly that could be spent on discretionary spending. At least 52% within the survey responded with a possibility of saving for the next 12 months. That would make the calculated amount for 24% willing to raise a loan or have the intention of doing so to be reduced to around 4,597,632€ each month readily available. At the same time, the rest is up to each company to understand what the customers are interested in and convince them to spend money.

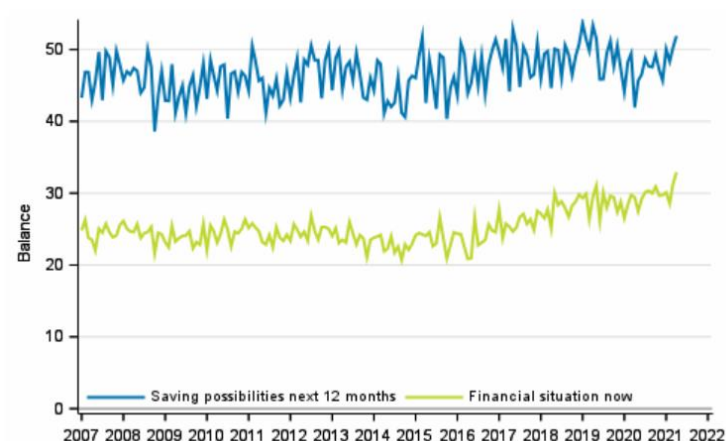


Figure 9: Consumer financial situation and saving possibilities in 2021. (Stat.fi, 2021)

According to the Consumer Confidence 2021, the latest opinion is that 51% in April sees it as neither favourable nor unfavourable time to purchase durables, while around 33% is in favour of purchasing durable goods. The favourability has been going up and down, but currently, 33% was the highest within this year.

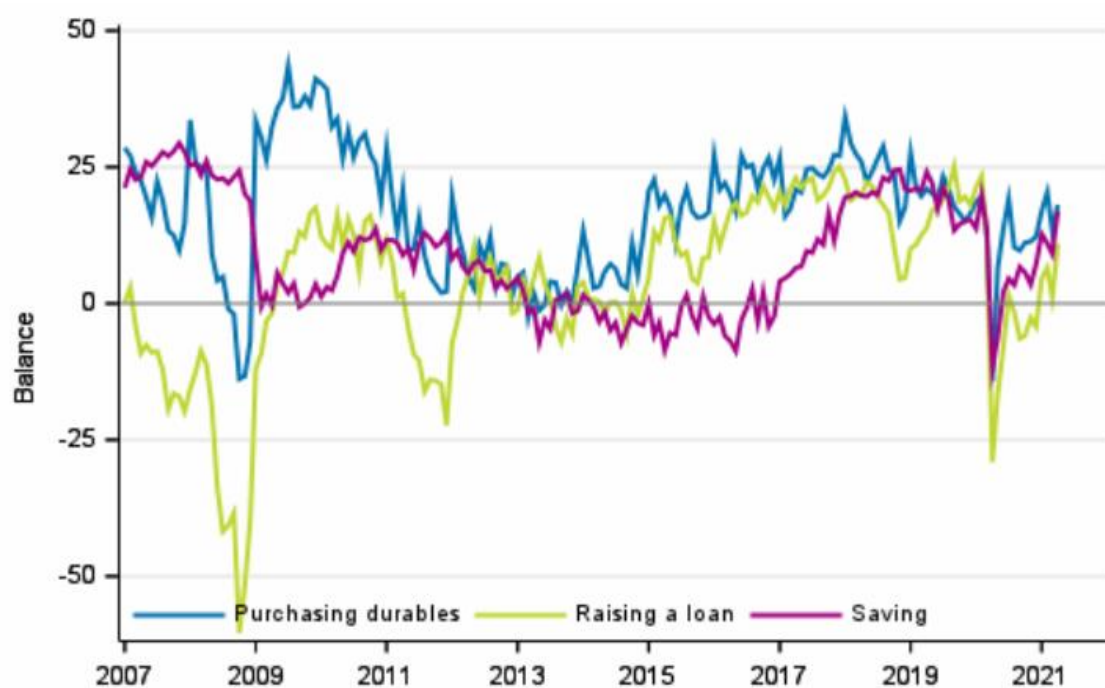


Figure 10: Favourability of time for multiple subjects (Stat.fi, 2021)

2.5.3 Changes in the consumer economy

Consumer Confidence by Month and Information

	B1 Own economy now (balance)	B2 Own economy in 12 months' time (balance)	B3 Finland's economy now (balance)	B4 Finland's economy in 12 months' time (balance)
2019M01	5.7	12.3	6.1	-6.6
2019M02	6.3	9.1	3.5	-10.6
2019M03	6.7	11.2	0.9	-8.4
2019M04	6.1	8.7	4.5	-6.6
2020M01	5.4	8.9	-12.0	-14.4
2020M02	3.5	6.8	-14.5	-14.3
2020M03	5.2	9.1	-20.8	-25.8
2020M04	-0.3	2.3	-59.8	-30.8
2021M01	3.2	10.8	-50.5	-2.5
2021M02	-1.7	12.7	-48.8	-2.1
2021M03	2.7	12.6	-49.6	-12.3
2021M04	9.0	12.1	-42.5	0.8

Figure 11: Table showing the economic situation from January to April across three years (Stat.fi, 2021)

Based on figure 11, the consumer population was doing well at the start of 2019. It had lowered by the beginning of 2020 and continued to do so until the recovery period of 2021 in April. Likewise, in 12 months, the consumer economy is doing the best in 2021, with the lowest period in 2020. It will be interesting to examine for the research participants if their economic situation reflects that of this table. Definition for an Economic Crisis

"A sharp deterioration in the economic state of the country manifested in a significant decline in production; violation of existing production relations; bankruptcy of enterprises; and rising unemployment. The result of the economic crisis is a decline in the living standards of the population and a decrease in the real gross national product." (Pasko et al., 2020) As mentioned, there are many ways for an economic crisis to happen since they all result in the same situation, a turbulent time where the worth of certain assets fluctuates in prices.

3 METHODOLOGY

This chapter will explain the motivation for the population/sample in mind, a further in-depth look at qualitative research and its chosen method, data collection, and the limitation of this research.

3.1 Population/Sample Motivation

The population within this study derived from the Helsinki 2020 facts and figures (Helsingin kaupunki, 2020), where within the education section states the number of students and schools at different education levels.

They were also a population that the author feels like they have the most insight in since they are a student struggling in this challenging time. So experiencing what is going on while also listening to classmates and their troubles makes it a venture deemed worthwhile.

Because of the pandemic and the restriction where physical contact was kept to a minimum, voluntary response sampling was selected. The author attempted to contact every student they knew fit the qualification of this research. So out of the whole population of 61,400 students within Helsinki that are within university level or university of applied science level, the sample size is unfortunately only 28 participants.

3.2 Qualitative Research

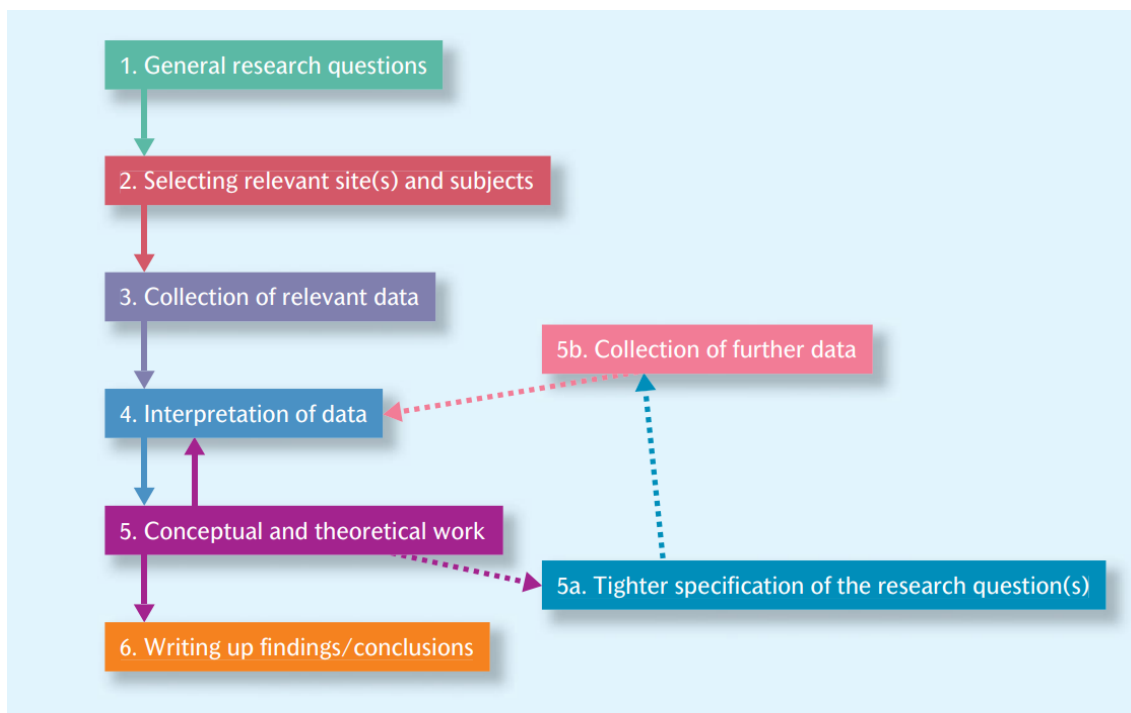


Figure 12: Outline of the main steps of qualitative research (Bell, Bryman, and Harley, 2007)

Figure 12 is a general outline of the steps that need to be taken from start to finish where one can visualize at what stage they are with their research and the next step. It starts with general research questions that need to be examined and ends with the conclusion after the work has been through many iterations.

For this thesis, the structure was followed faithfully where the questions were first proposed. It leads to consideration on what could be used for relevant source and research subject which was decided that the students of Helsinki were selected. Using google form to get data that would then be subjected to the author's scrutiny to see if there are a correlation on the intent of every sentence within each question that the students have answered.

To do that, they dutifully analyze each answer and try to group them into categories within an excel form where they can then be compared, combined, and churn out a find-

ing. Then, using the newly created data, they create graphs that would better visualize the data and then report on it in chapter 4.

When that is complete, the author aims to offer some insight regarding the finding and a conclusion in chapter 5.

3.3 Data collection method

A free google form survey comes with basic features where one can create questions that contain multiple-choice, checkboxes, and free-form written text. It was sent out to various places online, while the author also had personally sent out emails to specific students within their circle to guarantee that they would respond.

3.3.1 Before/During Covid-19

The questions' structure was varies based on the intended data that the author wanted out of it. The first four questions were to figure out the students' priorities before and during the pandemic to figure out what changed? Since students' activities within the pandemic are limited, there is a difference in what one has access to pre-Covid-19 and during Covid-19. People's priorities change depending on what is available; however, it was worth examining what changes need to be necessary after the pandemic is over and everything opens again that the things popular within the pandemic keep their popularity.

The four categories were picked because of the fundamental values to students, similar to what one can expect from a Maslow Hierarchy. They are affected the most because of the pandemic. For example, food delivery was just luxuries for those with extra income in a time where going out to buy groceries was the norm; however, when going out was unsafe, it was necessary to offer people an alternative to going out by themselves. After-hours activities are a combination of various things one could do for leisure that is now

restricted or impossible during the pandemic. Streaming services are the activities that were popular before the pandemic hits, but with more users, when people are stuck at home, there should be a change in its ranking for students. Lastly, gaming is always a big hobby that occupies a considerable amount of time but now that people are home for longer, does that change? Or does it stay in popularity in comparison to the other categories that were mentioned?

3.3.2 Income, Loan and its usage

The following four questions relates to the student's discretionary income. First, the author establishes if the pandemic has affected their income, current student loan, or willingness to do so. As established, the student loan is a considerable sum that would mean a massive boon to their income if spent on venues like Foodora, Wolt, Disney+. After that, the questions try to narrow down their loan usage if they have access to one where they spend that sum. Finally, the last question in this category tries to narrow down their options to the four categories that were examined in the first four questions.

3.3.3 Special Purchase

The final two questions related to the purchases were deemed irregular and only happened because of the pandemic and its characteristics/features that persuaded them to purchase it. Its purpose was to indicate clearly what and why they purchased the products during the pandemic. Furthermore, examine if it has any characteristics that would match what they answered before when it comes to their priorities before the pandemic or after the pandemic.

3.4 Data Analysis

Because of the nature of qualitative data, where it is not numerical data that can be inputted into a program, it takes extra steps to analyze it compared to quantitative data. It is still possible, however, and so the method of content analysis was selected.

The qualitative content analysis focuses on identifying and interpreting different words and themes by breaking down their answers into a glimpse of insight within it categorizes them in codes that could then be compiled and compared. Since the analysis relies heavily upon the researcher's interpretation of the data, it is more susceptible to human error. Figure 13 shows an outlook of the steps that need to be taken from stage 1 decontextualization, stage 2 recontextualization, stage 3 categorization, and lastly, stage 4 compilation. (Bengtsson, 2016)

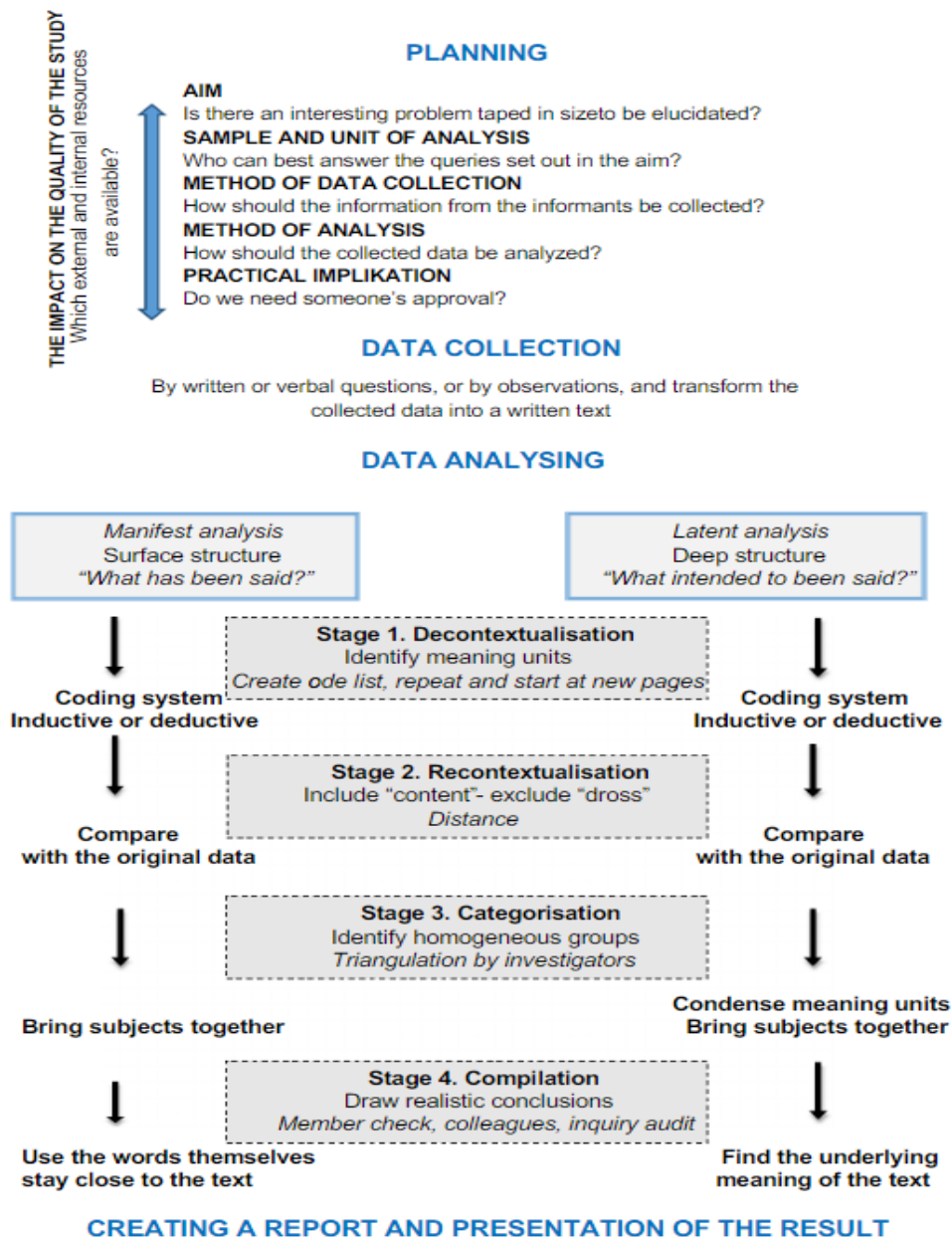


Figure 13: An overview of the process (Bengtsson, 2016)

Following the outlook of the steps, after the answers have been collected, they will be analyzed. What written and the context behind them would then be put into boxes and being tallied. Thus, creating a new set of data that differs from the original answers but is oriented in ways that is more helpful to the research questions at hand.

3.5 Limitation

The restriction itself hinders the ability to attain many participants since gathering the masses is currently frowned upon. Because of that, the amount of data could be seen as too small and is not significant.

The period between the conception of this thesis and the gathering of data might also skew things since when it was being created, the restrictions were still somewhat strict. The questionnaire was released later when the restrictions loosened.

COVID-19 is also something that is unprecedented in many ways where there are things one can compare to it. However, no one was fully prepared for what to come, making it difficult to do research regarding it would be the first of its kind for this specific scenario/insight.

4 FINDING

Within this chapter will be the clarification of each question, the method used within the google form, and its result.

- Rank your discretionary spending priorities in 2019 ie pre Covid-19

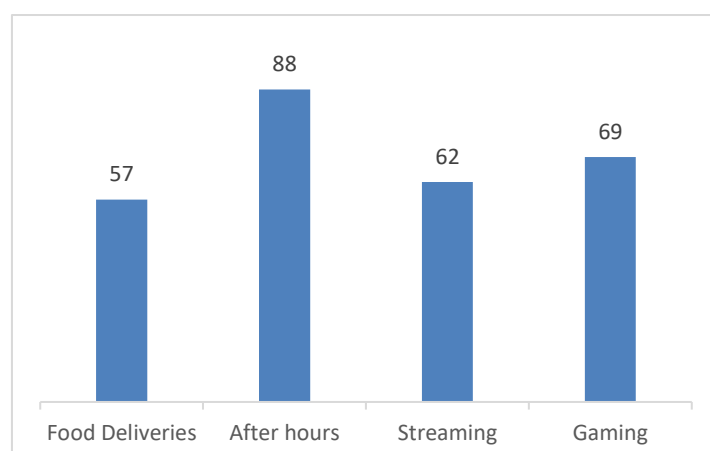


Figure 14: Student spending priorities before Covid-19 ranked

The author wanted a snapshot of what they valued before the pandemic to understand the pandemic's changes brought to the students' priorities. They could rank the four options from their highest priority as number 1 while number 4 as the lowest. Each category presented to the students taking the google form correlates to a position within Maslow's pyramid.

Food deliveries: Originally, it would not count as a basic need; however, if taken the pandemic into account, there was a necessity to be able to obtain food when one were unable to go outside safely. It would be somewhere between the psychological needs and the safety needs.

Gaming: It is a vast industry that mainly relies on the fact that one would need to be home to enjoy whatever game one prefers; however, when the pandemic forces people to stay indoors, would the usage of such a thing increase? It is also a love/belonging need since it is one of the few ways students were able to be social during the pandemic.

Figure 14 shows the result after the author has created a ranking system where participants that picked option number 1 gave that category 4 points, option number 2 gave 3 points, option number 3 gave 2 points, and option number 4 gave 1 point. They were then totaled and shown as mentioned. With the ranking in mind, one can assume that most of the students were able to be within the love/belonging stage where they can socialize and be with others; some even are in the esteem stage as they seek recognition in gaming.

- Rank your discretionary spending priorities in 2020-2021 ie during Covid 19

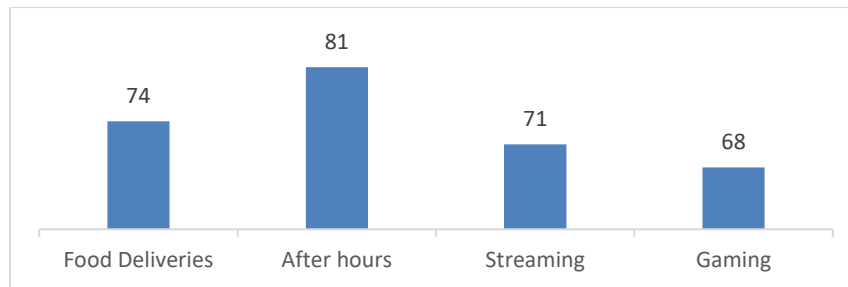


Figure 15: Student spending priorities during Covid-19 ranked

Figure 15 was done similarly to the previous figure. It is important to note that there were restrictions upon the after-hours category where the hours that businesses were allowed to be open were limited.

After hours: An all-encompassing concept regarding the activities the students could do, like hobbies and night life activities that the author used to gauge if they were within the love/belonging stage of the pyramid.

Streaming subscription: Another industry that presumably benefited students being stuck at home with limited options to entertain themselves. The author also categorizes it as within the esteem category since other needs must be met before this can be a viable option.

To compare figure 15 to figure 14, one can see that the food deliveries have switched spots with streaming activities. In contrast, gaming categories remain the same even though the number has slightly changed. So it could mean that the students within the pandemic are mainly stuck within the safety & love/belongingness needs. The reason for this thinking is that after hours activities is their highest discretionary spending priorities while with that taken care of, they are more focused on the belonging and self-esteem stage.

- Were there any changes in the previously ranked spending priorities between before and during Covid-19? Can you elaborate on the circumstance that made it so?

This part was the freeform text for the students to answer with their own words. The thought behind this question was that the author wanted to see if they could understand the changes that occurred in the students' lives using the student's words and the previous two questions to see if they reflect that. After reviewing all the answers, the author divided them into two camps where one denies any change in their spending priority while the other was affected somehow.

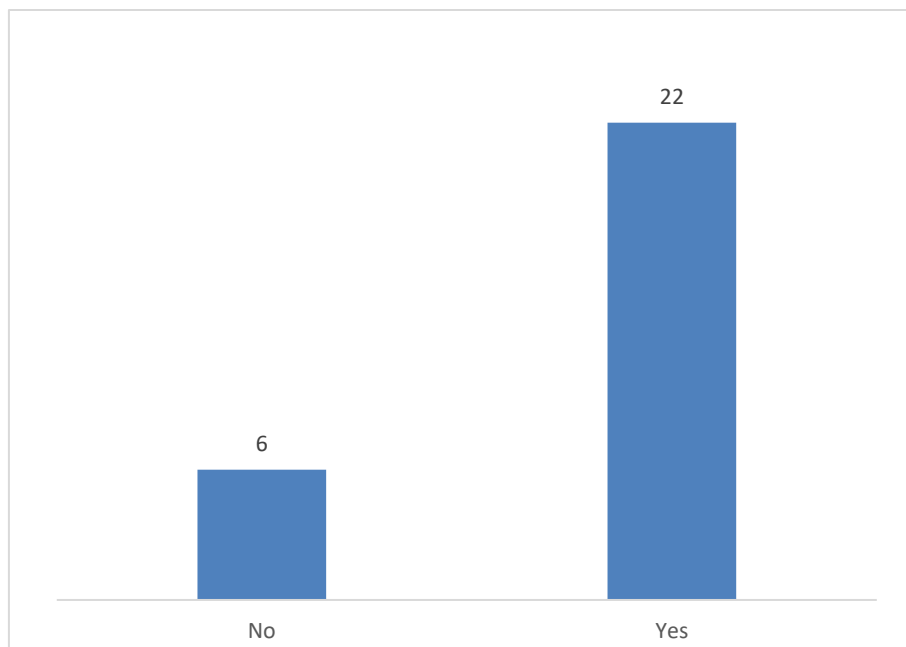


Figure 16: Changes in priorities

Looking deeper into the student who answered, it was attributed to the lack of options during the pandemic that made them change their priorities now that they cannot go to bars. It is not recommended to socialize with their friends. It reinforces the fact that the theory was right and that they have to change their behavior accordingly because of the needs that are lacking.

- When is the pandemic over what changes have to happen to these discretionary spending priorities so that you would be willing to rank them in the same place?

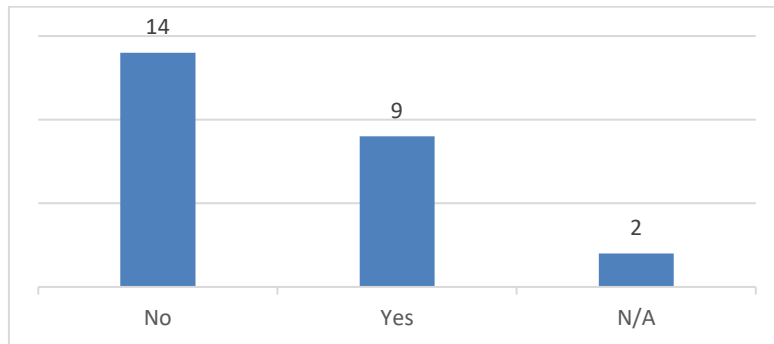


Figure 17: A student perspective on the longevity of their current priorities

This question aimed to determine the requirement for businesses in current times to be able to continue as they are in the eyes of the student. It is established from the previous questions that the priorities changes are because of the pandemic and lockdown; however, the increase in interest is finite. According to the students, the majority would not keep their spending priorities. Some believe that as long as the prices and the convenience of the produce are still attractive to the student, they would not mind spending the way they were doing for the last year. Lastly, the two N/A are because they did not understand the questions and did not answer.

- Have the pandemic affected your income?

Has the pandemic affected your income?

28 responses

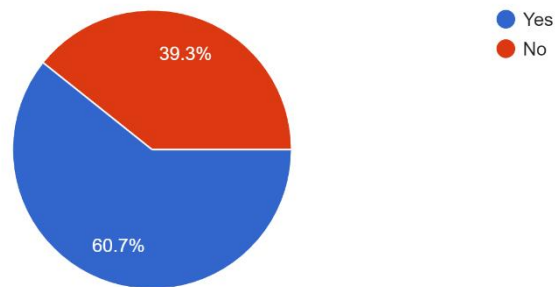


Figure 18: Students answers regarding if the pandemic affected their income

Because student loan is a massive part of the income of students that can obtain one, the author wanted to establish reasons for why they would be open to such a thing. The data shows that most students' income was affected regardless of whether it was positive or negative.

- Do you have student loan? Alternatively, are you willing to apply for one if it was available?

Do you have a student loan? Alternatively, are you willing to apply for one if it was available?
28 responses

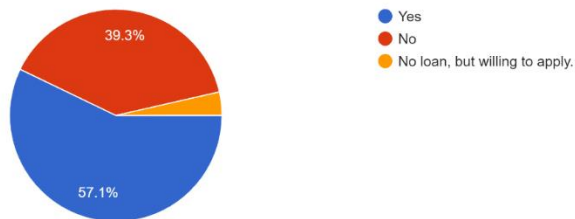


Figure 19: Student answer regarding if they have student loan/willingness to obtain one

Building up from the previous question, the author wanted to understand how many students within the sample group would be inclined to take student loans and compares that with the statistic regarding 24% of consumers would be willing to take a loan. However, that plan was then scrapped since the abysmal amount of participants makes it difficult to compare the two.

- How would you spend your student loan if provided only for discretionary spending purposes? Please elaborate on your reasoning

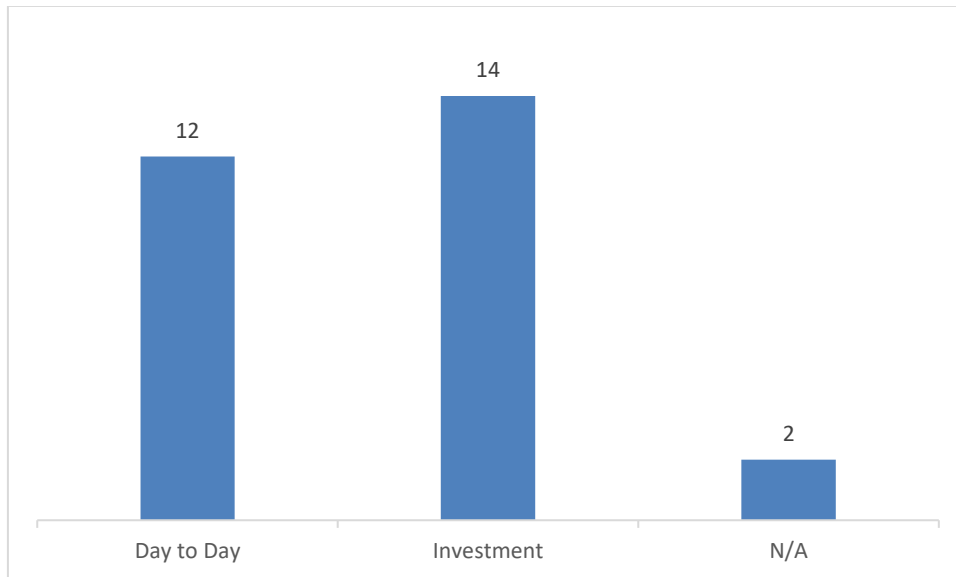


Figure 20: Student loan usage on discretionary spending

The student was able to input their own words. After coding them, excluding the answer that indicates that the student has no interest in student loans, which is the N/A in this category, the author sees a correlation in the split answers into two groups. One relates to how with an extra source of income, they would use it to ease the convenience of the day-to-day life in the pandemic while the other group would invest the student loan amount for investing in their future.

- Furthermore, if only the previously mentioned discretionary spending priorities in the first two questions are available would that change your choices? Why?

Now that the concept of using student loans for only discretionary spending was introduced, the author wanted to see if the answers changed if they were only given the options that are the spending mentioned above priorities.

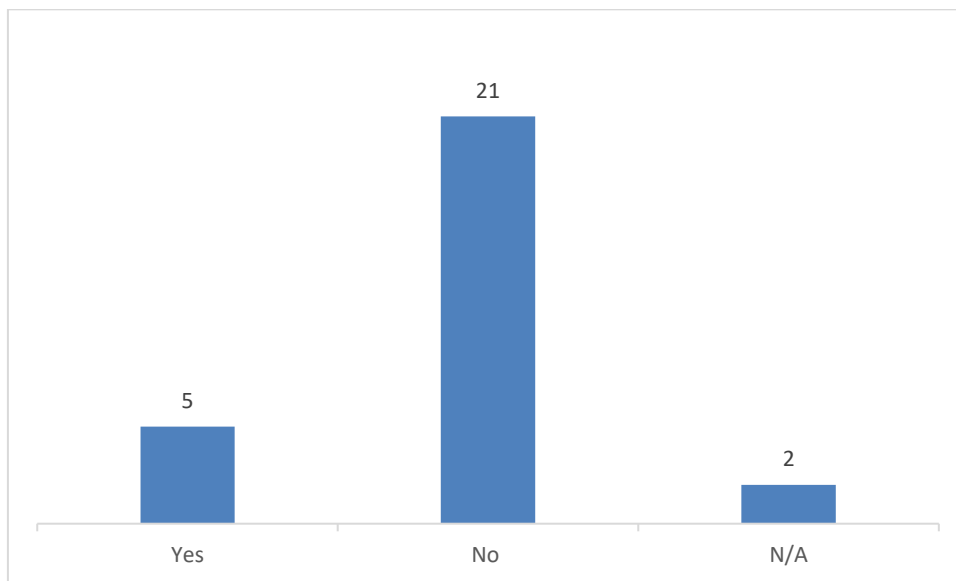


Figure 21: Student responds to the question

The data itself echoes the fact that they are satisfied with their choices in the previous question, which is not as helpful since they did not clarify further why the students made the choices they made. Furthermore, two students did not respond to this question which led to the N/A

- Was there spending that was out of the norm for you i.e. something you only spent because of the pandemic?

Was there spending that was out of the norm for you i.e. something you only spent because of the pandemic?
28 responses

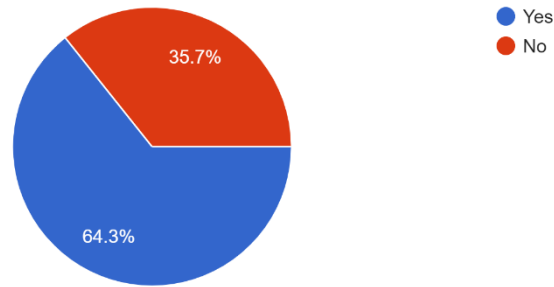


Figure 22: Irregular purchases for students

It was another way for the author to examine the students' purchases within the pandemic that they would not have otherwise. However, the relevancy of this became gradually lessened as the research progressed until it was scrapped. Since it is up to a debate on whether the irregular purchases would count within the realm of discretionary since items like masks were recommended and were obligated items for specific areas like commuter trains (HSL.fi, 2021).

- If yes, what characteristics or qualities do they possess that persuade you to purchase them?

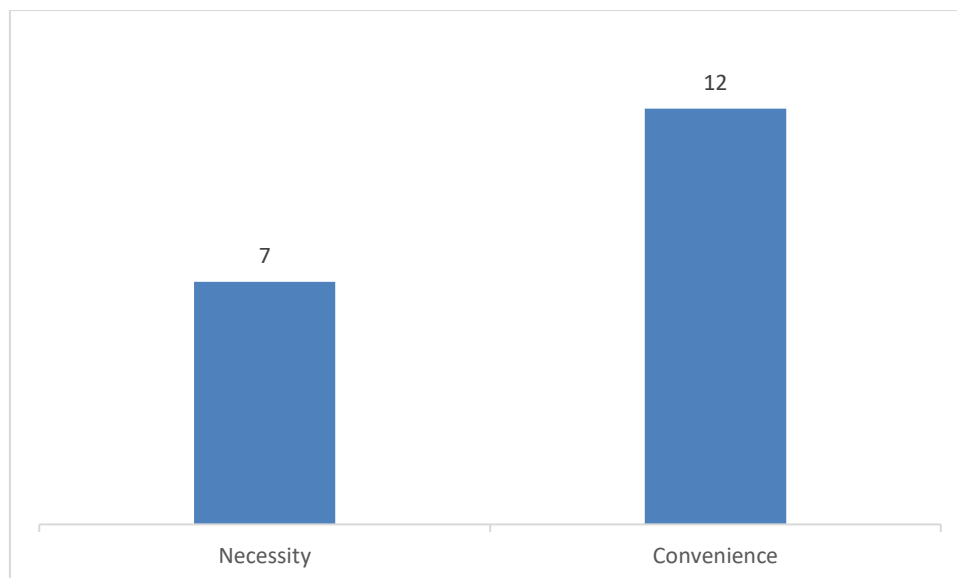


Figure 23: Qualities that the student was looking in their irregular purchases

This question was also discarded because not every student who participated answered, leading to a lack of validity. Additionally, it was also supposed to be built upon the previous question and so have no relevancy when the previous question was scrapped

5 CONCLUSION

To circle back to the questions that the thesis aims to answer, the students spend their discretionary income on main products that ease their day-to-day life experience, like food deliveries. In the meantime, after-hours activity became less prioritized; however, it is only until spending is restricted. The interest in gaming seems to stay as relevant as it was pre-COVID-19 and during it, while the usage of streaming subscriptions increased in importance. It could be attributed to the student being more willing to pay for entertainment now that they could not spend their discretionary income on after-hours activities.

The result that is figure 14 and 15 could be interpreted as students within the Helsinki area for the most part within the safety needs part of the pyramid where the social rela-

tion aspect is what they prioritize. At the same time, some manage to have that covered and are now trying to reach the esteem stage with streaming services and gaming. The majority of their income was affected, as shown in figures 18 and 19, and they had to purchase products that were mainly precisely because of the pandemic. However, the data shows that the interest in those products would wane when the pandemic is over. This result is within the author's expectations since they experience all of this and agree with most findings.

For companies flourishing within the pandemic, it is a reasonable assumption that based on the data within figure 21 clear cut in cost is required to stay as competitive when the pandemic does not restrict the students.

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7 APPENDICES

7.1 Appendix 1 The Google Form

Appendix 1 The Google Form

Thesis work regarding discretionary spending for students during COVID-19.

For this thesis, the definition of discretionary spending is paying for nonessential services/products. They enrich your day-to-day lives while being something that if inaccessible you would still survive. In this context, your groceries spending would be essential since you need sustenance while ordering from Foodora is nonessential since it is a food delivering service for your convenience.

Rank your discretionary spending priorities in 2019 ie pre Covid-19 *

1 being highest while 4 being the lowest among what was available.

	Food Deliveries	After Hours activiti...	Streaming subscri...	Gaming
1	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Rank your discretionary spending priorities in 2020-2021 ie during Covid 19 *

1 being highest while 4 being the lowest among what was available.

	Food Deliveries	After Hours Activiti...	Streaming subscri...	Gaming
1	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Were there any changes in the previously ranked spending priorities between before and during Covid-19? Can you elaborate on the circumstance that made it so? *

Long answer text

⋮

When the pandemic is over what changes have to happen to these discretionary spending priorities so that you would be willing to rank them in the same place? *

Long answer text

Has the pandemic affected your income? *

Yes

No

Do you have a student loan? Alternatively, are you willing to apply for one if it was available? *

Yes

No

Other...

How would you spend your student loan if provided only for discretionary spending purposes? Please elaborate on your reasoning. *

Short answer text

Furthermore, if only the aforementioned discretionary spending priorities in the first two questions are available would that change your choices? Why? *

Long answer text

Was there spending that was out of the norm for you i.e. something you only spent because of the pandemic? *

Yes

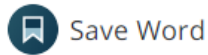
No

If yes, what characteristics or qualities do they possess that persuade you to purchase them?

Long answer text

7.2 Appendix 2 The Merriam webster definition

discretionary income noun



Definition of *discretionary income*

: income that is left after paying for things that are essential, such as food and housing

// She has enough *discretionary income* to pay for a nice vacation each year.

disposable income noun



Definition of *disposable income*

: income that is left after paying taxes and for things that are essential, such as food and housing

// I don't have enough *disposable income* to buy such luxuries.