

DEMOGRAPHICAL INFLUENCE ON CONSUMER BUYING: AN EMPIRICAL INVESTIGATION

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ABSTRACT

Today, marketing has become highly competitive across the industry and understanding consumer behavior became a challenging task for the marketers. In strategic marketing planning, consumer behavior has become an integral part as the consumer plays the role of user, buyer and payer as well. As the factors affecting the consumer behavior changes, so does the behavior of the consumers. Amidst the fierce competition, the producer who reads the pulse of the consumers better than others achieve the edge over others. There are many demographic factors such as age, gender, level of education, occupation, marital status and family class which affects the consumer behavior. This paper focuses on investigating relationship between various demographical variables such as gender, income, level of education and occupation with 'Monthly Expenditure on Electronic Gadgets'.

KEYWORDS: Cross Tabulation, Demographical Influence, Consumer Buying.

Introduction

In today's era of marketing, study of consumer behavior has become really essential. The business activities are increasingly becoming consumer centric. Consumer behavior has become more dynamic than ever. For the marketers, understanding the buyer behavior has become a critical task. To make effective marketing mix strategies the marketers must understand the consumer's behavior. For any strategic marketing planning, consumer buying behavior has become the mainstay. Consumer's buying behavior is impacted by the factors such as cultural, social, personal and psychological. The challenge is to understand the buyer's black box to answer the questions like what the consumers will choose to buy, which brand, how much and when and where the consumer will buy. The Consumer is the study "of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires" (Solomon, 1995). Understanding the motives of buying and not buying the products and services helps the organization to study the impact on the revenue generation and the influence on others to buy their products and services. From the buyer's point of view with many options available to choose from, it's become very difficult to make a buying decision. So many factors play major role in consumer's buying decision. At the same time, it's important for organizations to know which consumers will spend their money and on what products and services. As the socio-economic factors keep changing, the consumers buying potential changes accordingly and so does the taste, preference and priorities. The buying decision making differs from individual to individual and is influenced by factors internal to the consumer and external as well. At this backdrop, the present research study is intended to understand the relationship between various demographical variables viz. gender, income, level of education and occupation with 'Monthly Expenditure on Electronic Gadgets'.

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Review of Literature

Evans & Berman (1984) emphasizes the potential of demographic information in target market, and is a major thrust in studying and predicting the sales and consumption of products. Although it is difficult to know who uses which brand, the accessibility and the cost effectiveness of the demographic information of the consumer helps to establish the consumer profiles which in turn reflects the market attractiveness. So, these points are very much essential to claim that by using the demographics information or statistics marketers develop their marketing programs and strategies.

According to **Solomon (1995)** consumer behavior is all about how the consumers select, purchase, use or dispose of the products and services, ideas or experiences so that they can satisfy their needs and desires. More than what and why consumers buy, consumer behavior is also about how marketer influences the consumers' buying decisions. The buying decision process includes various stages and not merely the interaction between the producers and consumers. Most of the factors such as cultural, social, personal and psychological factors that influence a consumer's buying behavior are not controllable by the marketers.

Paul, Trun, & Alan (1996) acknowledged that since the young consumers have less experience, they trust and rely more on the brand and price than their older counterparts. When it comes to the factor Gender, female and male consumers differ in their consumption behavior. When compared to men, women look for more information while purchase decisions and consider all the options.

Goldberg et al. (1998), analyzed the data collected from a sample of U.S. working adults. They analyzed the correlations of the demographic variables gender, age, ethnic or racial status and years of education with the five personality dimensions such as assertiveness, sociability, calmness, conformity, conscious restraint and found the link to be strong. So the demographic variables could influence the variance of one or more personality traits.

Thomas & Peters (2009) examined the influence of lifestyle on the apparel consumption decisions of older females. The older females were found to be more active and preferred clothes that gave them self-identity than men.

Yang, Huang & Feng (2011), studied the influence of the demographic variables like age, education, social class and gender on consumers' susceptibility to interpersonal influence on fashion clothing. They established that women are more involved than men with the fashion clothing; elderly women showed more positive beliefs about the fashion only if the model used was closer to their age.

Bashar, Ahmad & Wasi (2012) studied the influencing factors on the consumer impulse buying behavior. Their work on the data collected from different strata in Delhi and NCR finds the a very high degree of association between the demographic factors age, income level, gender, educational qualification and nature of job with the impulse buying behavior of the consumers.

Seiler, Rudolf & Krume (2013) attempted to understand the influence of socio-demographic variables on customer satisfaction and loyalty. The analysis of variance test revealed that the customer demographics such as employment status has a huge impact on the type of banking service provider and the size of the liquid asset the customers choose.

Brosekhan & Velayutham (2013) categorizes the various factors affecting the consumer buying as consumer personality factors (occupation, age, economic condition, lifestyle and personality) and consumer perception factors (perceived fit, quality and packaging).

Murugan & Shanti (2014), empirically established the importance of demographics in the minds of the female consumers towards the purchase decision making process of two wheelers in the metropolitan cities in India. According to the model by Ailawadi, Neslin & Gednok (2001), which describes the relationship between demographics and psychographic characteristics, the consumers who earn high are not that price conscious.

Sethi & Chawla (2014) explored the impact of social influences like family, reference groups and social class on the buying behavior of both rural and urban consumers. According to their descriptive research on the different consumers, majority of the respondents agree that family and friends is an important factor when they choose the service provider.

Kumar (2014) echoed out similar factors as he lists out the significant impact of the demographics on the consumer buying behavior of four wheelers. He made an empirical study on a large group of consumers of a state in India to find that age, sex marital status, income, family background, education, occupation, family size are the demographics factors that influence the consumer buying. He emphasizes that since the changes happen in these factors, the consumer behavior also changes accordingly.

Sharma and Kaur (2015) investigated the online consumers of Punjab, Haryana and Delhi region of India to explore the influence of demographic variables on the impulse buying behavior of the online consumers. They also attempted to find the difference in the behavior of online and offline consumers on the buying impulsiveness. A t-test of two samples of online and offline consumers suggest that online consumers are more impulsive than offline consumers. Chi-square test statistics showed that the association between the gender and marital status on impulse buying behavior of consumers is significant.

Similar inferences were derived when **Awam & Abbas (2015)** quantitatively studied the impact of demographics on the impulse buying behavior of Multan consumers in Pakistan. They carried out a self-administered survey of the students and academic staff of multiple universities and revealed that the demographic factors (age, gender, education and income) influence the impulsivity in buying behavior of the consumers. Individually the factors gender, age are inversely related with impulse buying behavior and the factors income and education are directly related to the buying behavior of the consumers.

Research Methodology

This study is completely based on the primary data collected from the customers based at Hyderabad. This study is a combination of both exploratory and descriptive research where attempt was made to understand the impact of demographical variables on the consumer buying behavior. The convenience sampling method is used to identify the respondents for this study. The structured questionnaire was prepared and administered to 104 customers who showed their interest to participate in the research during the course of research study. This study made use of cross tabulation to understand the relationship between various demographical variables viz. gender, income, level of education and occupation with 'Monthly Expenditure on Electronic Gadgets'.

Data Analysis & Interpretation

Cross Tabulation

Cross Tabulation, also known as contingency table analysis, is one of the most frequently used tools to understand the relationship between two variables by examining the intersections of categories of each of the variables involved. Demographical characteristics of customers often influence expenditure behavior of customers. In this study, attempt was made to understand the relationship between various demographical variables viz. gender, income & occupation with 'Monthly Expenditure on Electronic Gadgets'.

Table 1: Gender vs. Monthly Expenditure on Electronic Gadgets

		Monthly Expenditure on Electronic Gadgets				Total	
		Below Rs.20000	Rs.20001-40000	Rs.40001-60000	More than Rs.60000		
Gender	Male	Count	42	7	0	1	50
		% of Total	40.4%	6.7%	0.0%	1.0%	48.1%
	Female	Count	46	6	1	1	54
		% of Total	44.2%	5.8%	1.0%	1.0%	51.9%
Total		Count	88	13	1	2	104
		% of Total	84.6%	12.5%	1.0%	1.9%	100.0%

This is highly evident from Table1 that there is no significant relationship between gender and Monthly Expenditure on Electronic Gadgets. Although majority of the customers were found spending less than Rs 20,000/- per month on electronic gadgets; there is no significant difference between customers of different gender as far as their spending behavior is concerned. Among all the customers spending less than Rs 20,000/- per month, 47.7% are male customers and 52.3% are female customers.

Table 2: Monthly Income vs. Monthly Expenditure on Electronic Gadgets

		Monthly Expenditure on Electronic Gadgets				Total		
		Below Rs.20000	Rs. 20001-40000	Rs.40001-60000	More than Rs.60000			
Monthly Income	Below Rs.20000	Count	30	3	0	0	33	
		% of Total	28.8%	2.9%	0.0%	0.0%	31.7%	
	Rs.20001-40000	Count	33	1	1	0	35	
		% of Total	31.7%	1.0%	1.0%	0.0%	33.7%	
	Rs.40001-60000	Count	16	6	0	1	23	
		% of Total	15.4%	5.8%	0.0%	1.0%	22.1%	
	More than Rs.60000	Count	9	3	0	1	13	
		% of Total	8.7%	2.9%	0.0%	1.0%	12.5%	
	Total		Count	88	13	1	2	104
			% of Total	84.6%	12.5%	1.0%	1.9%	100.0%

It is very clear from the Table 2 that there is significant relationship exists between income and spending behavior of customers in the case of electronic gadgets. 88 out of 104 customers considered for the study were found spending less than Rs. 20,000/- per month on electronic gadgets; only 2 customers were found spending more than Rs. 40,000/- per month on electronic gadgets. Out of 84.6% customers who were found spending less than Rs 20,000/- per month 63% are customers who earn less than Rs. 40,000/- per month. Both the 2 customers were found spending more than Rs. 40,000/- per month on electronic gadgets were also found earning more than Rs. 40,000/- per month.

Table 3: Level of Education vs. Monthly Expenditure on Electronic Gadgets

			Monthly Expenditure on Electronic Gadgets				Total
			Below Rs.20000	Rs.20001-40000	Rs.40001-60000	More than Rs.60 000	
Your Level of Education	Undergraduate	Count	8	1	0	1	10
		% of Total	7.7%	1.0%	0.0%	1.0%	9.6%
	Graduate	Count	34	5	0	0	39
		% of Total	32.7%	4.8%	0.0%	0.0%	37.5%
	Post Graduate	Count	42	6	0	0	48
		% of Total	40.4%	5.8%	0.0%	0.0%	46.2%
	Post Graduate & above	Count	4	1	1	1	7
		% of Total	3.8%	1.0%	1.0%	1.0%	6.7%
Total		Count	88	13	1	2	104
		% of Total	84.6%	12.5%	1.0%	1.9%	100.0%

This study also found the significant relationship between levels of education of customers and their monthly expenditure on electronic gadgets. As customers grow up in their education they tend to spend more on all consumable and status related products. This may be because of the reason that highly educated people earn more than low educated people. This is very evident from Table 3 that out of 84.6% who revealed that they spend less than Rs. 20,000/- per month on electronic gadgets, 32.7% customers are graduates and 40.4% customers are post graduates. At the same time, it is also observed that out of 2 customers spending more than Rs. 60,000/- per month on electronic gadget, 1 customer holds qualification more than post graduation.

Table 4: Occupation vs. Monthly Expenditure on Electronic Gadgets

			Monthly Expenditure on Electronic Gadgets				Total
			Below Rs.20000	Rs.20001-40000	Rs.40001-60000	More than Rs.60000	
Occupation	Self employed	Count	22	5	0	1	28
		% of Total	21.2%	4.8%	0.0%	1.0%	26.9%
	Employed in Public Sector	Count	17	6	1	1	25
		% of Total	16.3%	5.8%	1.0%	1.0%	24.0%
	Employed in Private Sector	Count	42	2	0	0	44
		% of Total	40.4%	1.9%	0.0%	0.0%	42.3%
	Others	Count	7	0	0	0	7
		% of Total	6.7%	0.0%	0.0%	0.0%	6.7%
Total		Count	88	13	1	2	104
		% of Total	84.6%	12.5%	1.0%	1.9%	100.0%

The cross tabulation was also undertaken in between occupation and Monthly Expenditure of customers on Electronic Gadgets to understand the relationship between both the variables. On the basis of cross tabulation result shown in Table 4, it can be said that occupation does influence spending behavior of customers in the case of electronic gadgets. Out of 84.6% who revealed that they spend less than Rs. 20,000/- per month on electronic gadgets; majority of the customers (40.4%) were found working in private sector, 16.3% of the total customers were found employed in public sector, and 21.2% of the total customers were found to be self employed. At the same time, it was also observed that the customers who are self employed sometime also tend to spend very high on electronic gadget as 1 out of 2 customers spending more than Rs. 60,000/- per month on electronic gadget was found to be a self employed person and another 1 was found employed in public sector.

Conclusion

Thus, the research reveals that the various demographic variables have an association with the monthly expenditure done by the consumers on electronic gadgets. The study of consumer behavior is the study of what they buy, how they buy it, when do they and how often they buy it. Except gender, all

other demographical variables viz. income, level of education and occupation has significant relationship with 'Monthly Expenditure on Electronic Gadgets'. Customers' spending on electronic gadgets reflects their demographical characteristics like income, level of education and occupation. It can be said that the spending behavior of customers does depend on their demographics. The study has its own limitations in terms of the sample size and the location. Both of these can be extended to have a much deeper study in investigating the various other demographic related factors affecting the consumer behavior.

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