

# RELATIONSHIP BETWEEN CONSUMER LIFESTYLE AND THEIR DEMOGRAPHIC FACTORS

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**Abstract:** *The study of Consumers has been always of great interest to marketers and to succeed in the dynamic and rapidly evolving environment, marketers are required to know all that they can about the consumers. During the 21<sup>st</sup> century, one can see many developments and changes taking place, with industries and firms trying to keep pace with the changes to suit the diverse needs of the people. Market segmentation has been considered as one of the most fundamental concept of modern marketing. In order to sharpen the Market segmentation lifestyle is an important concept but lifestyles may be change due to different demographical factors. This paper study the relationship between demographical factors and lifestyles of different segments)*

**Key words:** *Consumers, Demographic, Factors, Relationship, Lifestyle, 21<sup>st</sup> century*

## Introduction

Consumers are people who buy the products and services for their personal use or for the use of the household. Their purchase decisions are influenced by various environmental, economical, social and cultural factors. These factors define the lifestyles of the individuals. In analyzing the influence of lifestyle on consumer purchase decisions, it is necessary to segment the consumers into various groups based on certain lifestyle variables. To identify more meaningful segments in the market, consumers are grouped according to clusters of attitudes, values and behaviour patterns they hold in common. Such descriptions are referred to as "Lifestyles".<sup>1</sup>

Demographic variables can also be used to define the cluster profiles. Having examined the clusters based on their dominant lifestyle characteristics, the description can be further elaborated by finding out the demographic characteristics of each lifestyle.

The demographic variables considered here for the analysis are

- Age
- Education
- Gender
- Occupation
- Annual family income.
- Location of residence
- Nature of residence
- Type of residence

This part of the analysis deals with finding out if the demographic characteristics of the respondents differed across the lifestyle clusters. Chi-square analysis was applied to find out if the clusters differed in their demographic characteristics. Demographic variables are taken as the independent variables and the clusters identified are considered the dependent variable.

## Literature review

According to Batra, Mayers and Aaker, "Life style is a person's patterns of interest's opinions and activities combined together. It provides a very rich and meaningful picture of a person."<sup>2</sup>

Aaker (1982)<sup>3</sup> endorsed the wide application of life data and confirmed its use in promotion. Berry (1983)<sup>4</sup> found life style segmentation can provide valuable insight into task of creating an effective brand identity.

Bone (1991)<sup>5</sup> indicates that the use of demographic characteristics such as age, discretionary income, and employment status can be misleading. The use of chronological age, a common method of classifying, is not as closely related to behaviour as is psychological age (Barak & Rahtz, 1989<sup>6</sup>; Bartos 1980)<sup>7</sup>. Although the use of discretionary income as a segmenting tool is interesting due to its closeness to spending behaviour, it does not take into consideration such factors as activity levels, personal interest, health, or discretionary time (Bone, 1991; Burnett & Wilkes, 1985)<sup>8</sup>. Cooper, (1984).<sup>9</sup> conclude that demographics alone do not give a complete picture of the consumer, thus hampering the marketer in describing the market to its full potential. Income is one of the major factors that has an impact on the purchase decision and it it's a good variable to segment markets. In a study conducted by Myers, Stanton and Hague (1971)<sup>10</sup>, they concluded that income was better than social class in segmenting the market for a wide variety of consumer purchases – durables, semi durables and non durable goods and for selected services.

## Objectives of the Study

The present paper tries to identify the relationship between lifestyles and demographical factors of the consumers in the twine city's (Hyderabad & Secunderabad) through segmenting the consumers. The study aims at analyzing the relationship between lifestyles and demographical factors like age, occupation, gender, type of residence, location of residence and nature of residence of people in twin cities and that can be used as a basis to prepare marketing strategies by home appliances suppliers and manufacturers.

**Hypotheses of the study**

$H_0$  (Null Hypotheses): People belonging to different lifestyle segments do not differ in their demographic factors like age, education, gender, income, occupation, location of residence, type and nature of residence.

$H_A$  (Alternate Hypotheses): People belonging to different lifestyle segments differ in their demographic factors like age, education, gender, income, occupation, location of residence; type and nature of residence.

**Methodology and Sampling**

The data was collected through a survey of people residing in twin cities. A structured non-disguised questionnaire was prepared and pre tested on sample of 40 respondents. The necessary changes were made in the light of the comments received. After testing its reliability, the revised questionnaire was administered to a total of 900 respondents in twin cities, 450 in the Secunderabad and 450 in Hyderabad. A total of 780 responses have been received. The scrutiny of these led to the rejection of 29 responses on account of incomplete responses. Thus 751 complete responses 400 from Hyderabad and 351 from Secunderabad are used for the present study.

The questionnaire used for the study had two constructs. The first construct was to arrive at the demographic factors of the respondents. The second construct was to identify the lifestyle dimensions of the respondents. It consisted of data pertaining to the activities, interests and opinions relating to purchase behaviour, socialization, brand opinion and the like. These were studied on a five-point scale ranging from 1 – strongly disagree to 5 strongly agree. A list of 45 statements is shown in table 1.

These Statements were selected after a literature survey of various studies. Canonical discriminant analysis was applied to find out the reliability of the cluster classification. The scale has reliability coefficient of 0.76, which was considered sufficient and adequate for the study.

**Data Analysis****Lifestyle Segments- Cluster Analysis**

The purpose of cluster analysis is to group the objects or cases, which are often measured on several characteristics, so that there is as much homogeneity within the groups as possible and as much heterogeneity among the groups as possible. In the present study K-Mean clustering has been used to segment the sample population into various heterogeneous groups, as the size of the sample is too large (751 respondents). These heterogeneous groups identified, have homogeneous variables within them. By trial and error method a three-cluster solution was arrived at. The results are given in Table 1

**Reliability of Clusters**

Reliability is the measure of consistency of a scale, item or instrument. The cluster classification must be subjected to a reliability test and its stability across the samples has to be validated. Canonical discriminant analysis was applied to find out the reliability of the cluster classification. The results are given in Table 2

**Relationship between lifestyles of consumers and their demographic factors**

Based on the analysis researcher found that there was no significant difference between the observed and expected values of the few demographic factors between lifestyles of the respondents. But there was significant difference between the observed and expected values of the few demographic factors between lifestyles of the respondents.

Null Hypothesis was accepted and it was statistically significant at 5% level of probability in the following demographic factors. Alternate hypothesis was rejected because there is no significant different among the consumers belonging to three different clusters in the following demographic factors.

The significance level of the Age was 0.008, so there is no significant difference among the consumers belonging to the three different clusters. The significance level of the Family income was 0.02, so there is no significant difference among the consumers belonging to the three different clusters. The significance level of the Nature of Residence was 0.000, so there is no significant difference among the consumers belonging to the three different clusters. The significance level of the type of residence was 0.001, so there is no significant difference among the consumers belonging to the three different clusters.

Null Hypothesis was rejected and it was statistically no significant at 5% level of probability in the following demographic factors. Alternate hypothesis was accepted because there is significant different among the consumers belonging to three different clusters in the following demographic factors.

The significance level of the Education was 0.12, so there is significant difference among the consumers belonging to the three different clusters. The significance level of the Gender was 0.14, so there is significant difference among the consumers belonging to the three different clusters. The significance level of the Occupation was 0.30, so there is significant difference among the consumers belonging to the three different clusters. The significance level of the location of residence was 0.93, so there is significant difference among the consumers belonging to the three different clusters.

**Conclusion**

Null Hypothesis is that there is no significant difference between the observed and expected values of the Demographic Characteristics between Life Styles of the Respondents and this is true in the case of Age, Family Income, Nature of Residence and Type of Residence. On the other hand, there is a significant difference between the observed and expected values of the Demographic Characteristics between Life Styles of the Respondents in the case of Education, Gender, Occupation and Location of Residence.

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**Table 1: Number of Cases in each Cluster**

Cluster No	No. of Respondents	Percentage (%) to the Total
I	235	31.29
II	416	55.39
III	100	13.32
Total	751	100

Source: Computed data

**Table 2: Result of the canonical discriminant analysis**

Function	Eigen Value	% of Variance	Cumulative %	Canonical Correlation
1	1.371(a)	63.3	63.3	0.760
2	0.795(a)	36.7	100.0	0.665

Source: Computed data

**Table – 3****Chi-Square Values for the relationship between Life Styles of the Respondents and their Demographic factors**

Sl. No.	Demographic Factors	Calculated Chi-Square Value	Degrees of Freedom	Significance Level	Table Value of Chi-Square at 5% Probability
1	Age	17.30666	6	0.008*	12.592
2	Education	12.78511	8	0.12	15.507
3	Gender	3.936641	2	0.14	5.991
4	Family Income	17.81045	8	0.02*	15.507
5	Occupation	9.576139	8	0.30	15.507
6	Location of Residence	0.145612	2	0.93	5.991
7	Nature of Residence	30.3871	6	0.000*	12.592
8	Type of Residence	18.56878	4	0.001*	9.488

Note: \*Null Hypothesis is accepted and it is statistically significant at 5% level of probability and in the case of remaining items Null Hypothesis is rejected at 5% level of probability.