



## Conspicuous consumption of Gen Y -An empirical study on the Impulse Buying Behavior of Gen Y consumers

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### ABSTRACT

*India is becoming more younger and it is quite interesting to note that the 25-year old Indian in 2020 will be a post liberalization child. The modern consumer termed as Gen Y, will be a Spoilt for choice one, exposed to plenty of brands and options. This generation would be more consumptive, borrowing from future income for purchasing holidays. It becomes very important for the marketer to concentrate on the Generation Y since a majority of the consumers in India will cater to that segment. Youngsters are more brand conscious and value conscious than cost conscious. However they are not very sentimental to the brands. They are more inclined towards innovative and creative products. The large disposable income in their hands makes them more shopping minded. Thus a lot of concentration is to be devoted to this segment by the marketers to gain brand salience.*

*One remarkable attribute of the Gen Y consumers is that they do not have much time at their hand to devote to shopping. Hence their purchase decisions are instant and impulsive. They are easily influenced by sales promotional tools and offers. With time at the premium, and Youngsters getting busier, Indian Gen Y consumers are demanding convenience not just of products but also of purchases. Young consumers makes an instantaneous and on the spot buying decisions. This purchase behavior is called Impulse Buying. Thus the retailers need to concentrate on this aspect of Impulse Buying Behavior of the Modern consumer. Impulse Buying Behavior is the act of purchasing with little or no advance planning. There will be a low involvement decision making.*

*As Gen Y consumers are more impulse on their purchase decisions, marketers need to analyze the impulse buying behavior of this segment. Thus the present study focuses on analyzing the Impulse Buying Behavior of GenY. It throws light on the various factors which makes the youngsters buy impulsively and also the products which are bought on an impulse.*

### Keywords :

#### Introduction

The average age of the Indian in 2020 will be 29, while the average age in both China and the US will be 37 and in Europe 45. This is how the profile of a consumer a decade from now is depicted by Brandline based on a few reports (The FMCG Roadmap to 2020 by Booz & co), and some trend spotting done by the CEOs in the recent CII-FMCG Summit.

India is becoming younger and it is note worthy that the 25-year old Indian in 2020 will be a post liberalization child. The modern consumer termed as Gen Y, will be a Spoilt for choice one, exposed to plenty of brands and options. This generation would be more consumptive, borrowing from future income for purchasing holidays.

The report by National Council of Applied Economic Research titled "How India Earns, Spends and Saves" says that 45% of Indians would be living in towns and cities by 2050. Consumers will be busier and consumer time will be compressed. Also the emerging new GenY consumer will be a seeker of experiences. So the engagement would have to

be more visual and more interactive. Brands will need to focus on the experience.

Thus it becomes very important for the marketer to concentrate on the Generation Y since a majority of the consumers in India will cater to that segment. Youngsters are more brand conscious and value conscious than cost conscious. However they are not very sentimental to the brands. They are more inclined towards innovative and creative products. The large disposable income in their hands makes them more shopping minded. Thus a lot of concentration is to be devoted to this segment by the marketers to gain brand salience.

One particular characteristic of the Gen Y consumers is that they do not have much time at their hand to devote to shopping. Hence their purchase decisions are immediate and impulsive. They are easily influenced by sales promotional tools and offers. With time at the premium, and Youngsters getting busier, Indian Gen Y consumers are demanding convenience not just of products but also of purchases. Young consumers makes an immediate and on the spot buying decisions.

Thus the retailers need to concentrate on this aspect of Impulse Buying Behavior of the Modern consumer. Impulse Buying Behavior is the act of purchasing with little or no advance planning. There will be a low involvement decision making.

Consumers who are waiting in a long queue in the billing counter may notice some interesting headline of a magazine and immediately grasp it and purchase. It is found that an increasingly large portion of the purchases are unplanned. The items which are purchased impulsively range from chewing gums and chocolates to fast moving consumer goods and fashion items like clothes and accessories to even durables and jewelries.

Retail stores and self service shops and open display stores have made the consumers do more impulse buying. Because of this new low involvement purchasing, marketers are now placing more emphasis on promotional programs such as merchandising, store displays, video demonstrations of products, product arrangements in an innovative manner. Recently Coke has initiated a RED programme for its stores which is connected with Point of Sale displays.

As Gen Y consumers are more impulse on their purchase decisions, marketers need to analyze the impulse buying behavior of this segment. Thus the present study focuses on analyzing the Impulse Buying Behavior of Gen Y. It throws light on the various factors which makes the youngsters buy impulsively and also the products which are bought on an impulse.

#### Statement of the problem

In this new generation consumers the tendency towards making unplanned buying decisions are very high and the marketer need to analyze the factors which influences the Gen Y for making impulse buying decisions. The present study mainly aims at filling this gap in the field of consumer impulse behavior. The study will provide new insights into the conspicuous consumer behavior of the young generation consumers.

#### Objectives of the study

The following are the objectives of the present study:

1. To analyze the consumption pattern of the Gen Y consumers.
2. To identify the factors which are influencing the impulse buying behavior of the Gen Y consumers.
3. To determine the drivers and inhibitors of the purchase of products on an impulse by the Gen Y consumers
4. To study the products which are bought on an impulse by the Gen Y consumers.
5. To make suggestions about marketing to Gen Y consumers.

#### Review of literature:

Another empirical study conducted by Muhammed Ali Tirmizi, Kashif -Ur- Rehman and M.Iqbal Saif (2009) also deals with the consumer decision making stages. The study titled "An empirical study of consumer Impulse buying behavior in local markets of Rawalpindi and Islamabad (Pakistan). The indepth analysis found that pre-decision stage of consumer purchase behavior is the only variable that resulted into strong association with the impulse buying behavior, because these days stores are full of variety of products and a buyer can easily get interested in purchasing a product which appeals to him or her while shopping for the planned list of products and here "pleasure principle" comes into play.

A study conducted by Chandan Chavadi and Shilpa Kokatnur (2010) on "Driving factors and effectiveness of sales promotion in shopping malls-A consumer perspective" identified the factors governing consumers' choice of shopping malls. In depth product mix, good ambience better shopping experience and desired service requirements like

fast billing, parking, long operation hours etc are salient factors. Other factors such as convenience in location or proximity to home, promotional factors like price discounts and 'Buy one Get one offer' etc influence purchase acceleration where as samples given with the products has no influence on purchasing behavior.

A study conducted by Nityanand Singh (2010) about "Status of Supply Chain Management in Organised Vs Unorganised Retail" explains that today's COSMO consumer needs ambience and an entire shopping experience. The consumer today has shifted from Net Money Spot to Value for money attitude. This study also exposes that Experience, Value, Time Utility, Possession Utility, Merchandise, and Place Utility are the most influencing factors that drive the customer to a particular retail store.

The changes happening in the scenario of purchasing behaviors and its impact on the retail stores has been cited by Manivannan and Raghunathan (2004) in their article "Changing scenario of purchasing pattern and the utilization of Department Stores". The authors stress the importance of stationing service providers at strategic points at the Department Stores. Trained salesman, recreation facilities like music, ice cream parlour, movie pictures, lounge, reading and writing rooms, telephone booths, beauty clinics, crèche facility for small children, some free demonstrations and classes for arts, and cookery, fashion shows, exhibitions etc can be arranged to create a "home image" for the department store.

An empirical study conducted by Arvind Sahay and Nivedita Sharma (2010) on "Brand relationships and switching behavior for highly used product in young consumers", reveals that young group love their brands and are more passionate about them, where as older group are more rational about their brand relationships. Factors identified for the same in the older group are maturity, financial constraints, independence and increased responsibility. The study reveals that strong brand relationships reduce switching intentions by overcoming price changes.

#### Research Methodology

Type of research:

The proposed research is descriptive in nature. Descriptive research describes the data and characteristics of the population being studied. The data collected is analyzed to determine the factors influencing the impulse purchase behavior and their relative importance.

Data collection:

The study mainly used primary data, whereas secondary data is also collected from various journals and magazines.

Primary data is collected through the use of a questionnaire. The questionnaire is constructed by taking into consideration various factors derived by the researcher from the extensive literature survey conducted. Some of the factors considered were

1. Innovative products
2. Price
3. Quality
4. Packaging
5. Promotions
6. Place of buying.

Sampling:

The proposed study was planned to be conducted by using convenience sampling. The sample consists of 100 respondents in the category of young generation consumers were selected at various shopping and entertainment spots.

Area of the proposed research:

The area of the proposed study is Salem city as it is growing to be a Metropolitan city which includes a wide range of young consumers. Presently considered as a Tier II city, Salem is fastly emerging as a Cosmopolitan city. Due to various infrastructural and other developments taking place, the lifestyle of the residents of Salem is changing and a study about the consumer behavior of the women in Salem will definitely help explore new areas in the field.

**Tools for data analysis:**

The data has been analyzed using Factor analysis and the factor loadings were used to determine the importance of the variables and its relative factors .

**Analysis:**

Data collected from the respondents reveals that the main factor which they consider for making impulse purchase decisions are merchandising, store arrangements ,and quality as well as price. These factors have got the highest mean score . The following table shows the variables and their relative factor loadings.

Sl.NO	Variables	Mean score
1	Merchandising	3.56
2	Discounts	2.7
3	Brands	2.8
4	Complementary products	1.3
5	Sales persons	1.2
6	Friends and family	2.2
7	Advertisements and brand ambassadors	3.0
8	Quality	3.67
9	Price	3.55
10	New products	3.1

**Sales promotional tools**

In case of the factor of Promotional tools the variable Merchandising is the highest mean score of 3.56.The discount and offers are positively related to the factor whereas the complementary products are not very effective in the case of Gen Y consumers. At the same time advertisements and brand ambassadors have positive relation with the factor .Its clear from the mean score 3.0.

Thus it is evident that the Young generation consumers are mainly influenced by merchandising and discounts while they are not interested in complementary products.

**Brand image**

Brand Image is the second factor which is very prominent in the case of young generation consumers. The variables which are clubbed under this factor are; quality price and brand name. These entire variables are directly related to the factor with the mean score of 3.67, 3.55 and 2.8 respectively. This shows that Gen Y consumers are more interested in branding and quality. So marketers can give more focus on the branding patterns for the products which are meant for the youngsters.

**Influence of others**

This factor has not much importance for the youngsters. The two major variables of this factor are sales persons and friends and family which have very low mean score of 1.2 and 2.2 respectively. This shows that the influence of others is not felt very much by the new generation consumers. The family and friends influence to some extent to these group of consumers.

**Novelty**

As far as novelty is concerned they are much inclined towards accepting and trying new products. This variable has got a mean score of 3.1.So Gen Y consumer look for novelty in the products they purchase on impulse.

**Type of Products**

Respondents were asked to rate the products according to their preference for buying them on an impulse. The data collected from the respondents is presented as follows.

NO	Product	Mean
1	Books and magazines	3.8
2	Textiles	3.7
3	Status symbol products	3.5
4	Innovative products	3.4
5	Food	2.8
6	Toys and gifts	2.6
7	Fashion items	2.5
8	Cosmetics	2.4
9	Durables	1.3
10	Household products	1.2

The products purchased by the Gen Y consumers on an impulse reveal that the highest mean score is secured by books and magazines (3.8).This is followed by textiles (3.7) and articles of status symbols like watches and perfumes etc. (3.5). This group also goes for buying innovative products (3.4) on an impulse basis. However the willingness to buy household articles (1.2) and durables (1.3) are very less for this group.

Thus we can interpret that in the case of young generation consumers the main products which are bought on an impulse are books and magazines, textiles ,articles of status symbols and innovative products .Thus the merchandising and other promotional tools like discounts and offers as well as advertisements and ambassadors are of prime importance for these type of products. Marketers can also concentrate on pricing, quality and other aspects of the products at the same time they can concentrate on brand name to catch the attention of this group of brand conscious consumers.

**Findings and suggestions:**

The findings of the study can be summarized as follows:

1. Gen Y consumers are found to be attracted towards Merchandising and store arrangements and discounts and offers.
2. The advertisements and brand ambassadors are also influencing these consumers while making impulse buying decisions.
3. They are considering quality, price and brand name in their unplanned purchases.
4. They are more attracted towards innovative products which have latest technology and features.
5. The influence of family and friends are felt to a certain extent by the Gen Y consumers
6. The products which are appealing to them are books and magazines, textiles, status symbol products etc.
7. The place of purchases, the ambience of the store and its arrangements are very important factors which makes the consumers buy on an impulse.
8. These consumers are brand conscious and they are ready to switch to brands for latest products.
9. The consumption pattern of Gen Y consumers is termed as Pure Impulse buying.

Based on the study the following suggestions can be made to improve the marketing in order to reach these consumers.

1. The items like books, textiles and watches perfumes etc can be stored in the shopping areas with good and POP displays.
2. Video displays can be used for certain products which will enable the consumer to view the uses of the products.
3. Dangles can be used to catch the eye of the young generation consumers.
4. The items which are on discount and offers can also be arranged in the attractive place to get noticed easily.
5. "New arrivals" rack or corner can be implemented for the books, textiles and other impulse products can also be arranged in a special manner.

**Conclusion:**

The impulse buying behavior of GenY Consumers is thus termed as Conspicuous Consumption Pattern. This effect is also described as Veblen effect which says that the purchases are being done to provide a status in the society and it is used as a form of social communication and distinction. This type of consumer behavior is also termed as Pure impulse a novelty or escape purchases which breaks a normal purchase pattern where more importance is given for illusions and fantasies. Marketers can use this aspect of the consumption pattern to capture this segment of modern consumers.

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