

INFLUENCE OF LIFESTYLE ON CONSUMER DECISION MAKING WITH SPECIAL REFERENCE TO ORGANIZED RETAIL FORMATS IN CHENNAI

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ABSTRACT

Life style has undergone changes in the last decades and considered as a personal variable known to influence the buyer decision process for consumers. Life style is a basic concept for understanding consumer behavior, and demonstrating the characteristics that are more modernized than personality and more comprehensive than personal values. Lifestyle has a significant positive influence on purchase decision. Marketing stimulation and personal value also has a positive significant impact on the influence of purchase decision and brand selection. The purpose of the study is to examine the influence of life style on consumer decision making process. The sample size of 600 was chosen from the visitors of retail formats and the questionnaire was administered to collect the primary data. In order to identify the factors affecting the life styles of consumers the factor analysis has been employed with principal component extraction with varimax rotation. To assess the influence of life styles on consumer's preference of retail formats, the multiple linear regression analysis by Ordinary Least Square (OLS) estimation has been applied for identified variables. Hypothesis was framed and tested and results show that lifestyle is having the positive impact over the consumer decision making process. The factors determining the customer's choice of retail formats would be helpful to identify the key inflectional factors for customers' preference and level of satisfaction and would be effectively improve the purchasing behaviour of customers.

The outcome of the present study would be helpful to modify their existing marketing strategies and attract new customers in addition to retention of existing customers. The study would be helpful to identify the major constraints and their impact on purchasing pattern on par with consumers' life styles and decision making process of both customers and retailers.

Keywords: *Lifestyles, personal value, purchase decision, marketing stimulation, consumer marketing.*

Introduction:

In this era of competition, understanding the consumer's lifestyle is necessity for the marketers. Lifestyle is the way a person lives including the person's individual attitude to the world. Market is known for setting the trends and people follow it with full enthusiasm. Especially in India, Lifestyle depends on person's background, family, education, and nature of the work. These days a lot of researches are being carried out to improve the standard of living especially in the metros. India is one of the fastest growing

economies in the world, clocked at a growth rate of 8.3% in 2010; India is fast on its way to becoming a large and globally important consumer economy. The Indian middle class was estimated to be 267 million in 2015- 16 (Government of India 2012).If current trends continue, Indian per capita purchasing power parity will significantly increase from 4.7 to 6.1 percent of the world share by 2015 (McKinsey & Company , According to Deutsche Research 2012) Websites have sprung up to good people to try out new lifestyle techniques. Consumer needs and preferences are changing, given change the factors

like demographics and lifestyles. These changes can become great business opportunities for alert marketers and threats for marketers who fail to adapt. These changes can become great business opportunities for alert marketers and threats for marketers who fail to adapt. It is very essential to know how buyers behave in modern marketing field. Buyer behavior is also influenced by personality, socio-demographic characteristics, and lifestyle. Consumer buying Behavior helps to understand the internal variables like motivation, personality, perception, learning, and attitude, and external variables like reference groups, family, social class, and, culture, and their influence on consumer decision-making process. Buyer behavior focuses how individual decision processes varied during spend of their resources (Time, Money and efforts) on consumption related items. Buyer behavior has changed drastically post liberalization of the markets. Today, Traditional methods of purchasing goods and services have been changing. Buyers are relying on online order.

An important aspect of the current economic scenario in India is the emergence of organized retail. There has been considerable growth in organized retailing business in recent years. Transnational corporations are also seeking to come to India and set up retail chains in collaboration with big Indian companies. The organized retail segment is growing at the rate of 25-30 per cent per annum (Bhatia, 2008)

Growing organized food retailing in India will bring significant change in the agribusiness management. The supermarket and fresh food outlet showrooms will directly procure product from the farmers. They will be offering better seeds and fertilizers to these farmers.

People becoming fashion conscious. The retail markets bring the latest in fashion accessories and kids wear for customers of all age groups. There will be new business opportunities. The retail boom surely encourages set up foreign brand names for manufacture in India. The Indian market become more competitive the small retailer groups will start using quality measures like Retail Service Quality Scales for their performance improvement and will develop new standards suitable to Indian context. The players like Ebony, Crosswords, Globus, Café Coffee Day, Barista, and Lifestyle start expanding their operations. This will trigger India's economic growth.

The IT sector offers fairly high income in Indian youngsters (Forbes 2012). The greater purchasing opportunity makes them to work hard for the luxuries in their life. The world class restaurants occupied in these retail showrooms will become a best place for get together and facilitate better family relationship. These shows the influence of retail outlets to bring more and more opportunities to Indian society

Developing countries are also being increasingly exposed to store brand through retail expansion and are becoming more aware of its benefits. The expansion of retailers across countries and the increase of store brand products across different store formats are not only increasing sales and volume of store brand products, but are creating new opportunities to launch innovative, healthy and conveniently-packaged products to suit different consumer's needs. This study helps to understand the lifestyle factors influence the consumers' decision making process. There are numerous factors influencing the buyer decision but the proper investigation helps to identify the need of the consumers and produce according to the need.

Statement of Problem:

A store usually starts with a set of characteristics or attributes that consumers consider important. Consumers use these attributes to determine which stores can cater to their needs. The price, quality, variety of merchandise, credit availability, return policies, physical attributes or facilities and well-known brands are important determinants of store choice of consumes.

One fundamental assumption of classical economic theory regarding consumers' behavior is that a consumer's choice is based on complete and perfect information. In reality, these conditions occur rarely. Consumers often act on information that as a result, consumers are often faced with at least some degree of risk in their purchase decisions.

Consumer's lifestyle is influenced by demographic characteristics and values and consumer's lifestyles do influence their perceived image of a store. Life styles are an expression of an individual's self-concept. It is the total image one has of him or herself, Lifestyles produce needs and desires that ultimately affect the decision making of each consumer Even the feelings and emotions are very important in consumer purchase decisions and have an effect on the analysis of product attributes.

Indian consumers are having different types of culture, spending pattern, savings mode and entertainment are changing from conservative type of lifestyle to flexible one. People with different religion, caste, ever-growing income due to huge employment opportunities in the Information Technology (IT) sector and multinational corporations, increasing disposable and discriminatory income, impact of western culture forced the retailer to design a retail format to suit all needs and wants of people.

As a result, there are many kinds of retail business in India including traditional trade (provision shop, local supermarket and mini-mart) and modern trade (hypermarket, supermarket, convenience store, etc.). There is a strong competition among these retail businesses and modern trade tend to do better as it can

catch more consumers regarding that it is a new entrants to the market.

Knowledge of the lifestyle of target consumers provides businesses with a variety of ideas for developing their advertising strategies. The ultimate objective of these strategies is to persuade people to assume behaviour patterns that are typical of their lifestyles. The consequence of adopting these patterns will motivate them to purchase different types of products or services. Thus, consumer life-styles and their impact on purchasing behaviour of consumers can help companies to gain a better understanding and planning on doing business in order to gain a strategic advantage and sustainability.

With this back ground, the present research is an attempt to study the "Consumer Lifestyle Impact on Retail Formats".

Review of Literature:

The term **lifestyle** can denote the interests, opinions, behaviors, and behavioral orientations of an individual, group, or culture. Lifestyle was first defined by Lazer (1963) as "a systematic concept representing the living characteristics of a certain society or group of people, which also differ from those of other societies and groups of people."

The findings of Han *et. al.*, (1991) quoted in response to fashion involvement of consumers, that it might enhance fashion-oriented impulse buying behaviours among those who habitually wear fashion outfits. Ko (1993) reported that impulse buying behavior regarding fashion products were associated with patterns repeated emotions as well as fashion-oriented impulse buying behaviours.

Kindra (1994) defined lifestyle as an external expression of individuals about their needs, opinions and tendencies to participate in the social economic and political life of their countries.

Life-style segmentation was based on the idea that the more understanding about consumers and People with different personalities exhibited different behaviours or similar behaviours for different reasons Wagner and Wedel (1995).

Lifestyle patterns provide broader, more three dimensional views of consumers so that marketers can think about them more intelligently Kaynak and Kara, (1996).

There was a positive relationship between shopping and education therefore they can incorporate the format choice, through the stable demographic variables at a higher level and store attributes at a lower level Galata *et.al.*, (1999).

Family size and composition implied the total number of members in a family and the distribution between adults and children. Larger families would have higher levels of consumption and would buy larger quantities of products/services to satisfy the consumption Bawa and Ghosh, (1999).

A number of studies have pointed out that, consumers were influenced by the travel costs of shopping and store location therefore plays an important role in the store choice Frey man, (2002). Life-style marketing and merchandising have increasingly come to dominate how retailers approached apparel, and this has powerfully impacted how denim was offered to different target markets with different life-style orientations Duff, (2001).

Babin and Babin (2001) found that in stores consumer's purchasing intentions and spending can largely be influenced by emotions. These emotions may be specific to certain things like the features of the items, customer self-interest, consumer's gauge of evaluating items and the importance they gave to their purchasing at a store.

Kaynak and Kara (2002) concluded in their study that religiosity did have an impact on consumer ethnocentrism and that as Turkish consumers become more community oriented, they tended to become more ethnocentric, whereas as they became more leadership oriented they become less ethnocentric.

Kesic and Piri- Rajh (2003) studied the Croatian population and divided it into sectors by the lifestyle regarding food and its habits. The study concluded that Croatian population includes five lifestyles for the classic, modern, serious, liberal and optimistic.

According to the study by Kim *et. al.*, (2003) lifestyle, as it affected many aspects of a consumers' behavior, also affected the choices of the elderly regarding which type of housing they would rather prefer.

Demographic variables such as age, sex, marital status, family size, occupation, income/purchasing capacity, educational levels can have a significant influence on the prospects of retail business Gay, (2004).

Lifestyle segmentation was very important not only to study consumer behavior in general but it is also very important in international marketing due to its large impact on the daily purchasing decision made by each individual Kucukemiroglu, (2005).

A study conducted by Kavak and Gumusluoglu (2007) in the capital city of Ankara, Turkey, identified thirteen lifestyle dimensions. Furthermore, cost consciousness and ethnocentrism have been found to be positively related.

Andersone and Gaile-Sarkane (2009) consumer behavioral factors influenced the life style factors and their role in consumer behavior.

Reviews indicates that Consumer purchase decisions are influenced by numerous variables like age sex, marital status , occupation, purchasing capacity , educational level, family size , consumption pattern , location of the shop , consumers interest features of the item, life style among all the variables dominant variable influencing the consumer decision is lifestyle.

Objectives:

- To identify the life style factors influencing the consumer decision making process.
- To analyze the factors affecting the lifestyle of consumers.
- To study the influence of life style on consumers' preference towards retail outlets.

Hypothesis:

There is no significant influence of life style on consumers' preference.

Research Methodology:

The study is descriptive in Nature:

Among the different market centers in Tamil Nadu, Chennai has been purposively selected for the present study. The retail formats and consumers in Chennai have been selected randomly by adopting multi-stage random sampling technique through pre-tested, structured interview schedule by direct interview method from 600 consumer to reduce the potential bias and analyzed using the statistical tools correlation analysis , factor analysis , multiple regressions. The period of study is 2012- 2013. Both primary as well as secondary data was used for the study. The Questionnaire consist of three parts, the first part contains the demographic and personal profile , second part of the Questionnaire contain the consumer life style variables and third part of the questionnaire contain the consumer preference towards the decision making process. Both open ended as well as closed ended questions were administered in the questionnaire. Necessary changes have been made in the Questionnaire after the pilot study with 30 respondents. The reliability value of pilot study was 0.631.

Limitations of the Study:

The present study is restricted only to Chennai the drawbacks and limitations of the field level survey are very much applicable to the present study and the data and information collected from the respondents are subjected to recall bias.

Data Analysis:

Factor Analysis for Factors Affecting the Lifestyles of Consumers of Organized Retail Formats.

To identify the factors affecting the life styles of consumers, the factor analysis has been employed. The principal component method of factor analysis was carried out with Eigen value greater than one through varimax rotation and the results obtained through rotated component matrix are presented in Table 1.

There are six independent groups were extracted which account for a total of 84.93 per cent of

variations on the 34 life style variables. The each of six factors contributes 19.86 per cent, 16.75 per cent, 13.89 per cent, 12.85 per cent, 11.46 per cent and 10.12 per cent respectively.

Factor-I: From the table, it is inferred that out of 34 life style variables, eight variables have their high, relatively tightly grouped factor loadings on factor-I and this factor is named as "Fashion Consciousness".

Factor-II: is formed with seven variables are named as "Leadership Consciousness".

Factor-III: This factor includes five variables and is named as "Family Consciousness".

Factor-IV: This factor is formed with five variables and this factor is named as "Health Consciousness".

Factor-V: This factor includes four variables and this factor is named as "Enjoyment Consciousness".

Factor-VI: This factor is formed with five variables and is named as "Food Consciousness"

Table 1: Factor Affecting the Lifestyle of Consumers of Organized Retail Formats-Factor Analysis KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.527
Bartlett's Test of Sphericity	Approx. Chi-Square	433.648
	Df	55
	Sig.	.000

KMO measure of sampling adequacy is an index to examine the appropriateness of factor analysis. High values between 0.5 and 1.0 indicate factor analysis is appropriate. Values below 0.5 imply that factor analysis may not be appropriate. From the above table it is seen that Kaiser – Meyer – Olkin measure of sampling adequacy index is 0.527 and hence the factor analysis is appropriate for the given data set.

Life Styles	Rotated Factor Loadings on					
	Factor I	Factor II	Factor III	Factor IV	Factor V	Factor VI
An important part of my life and activities is dressing smartly	.539					
I usually have one or more outfits that are the very latest style	.755					
When I must choose between the two I usually dress for fashion, not for comfort	.596					
I have usually like to wear formals		.674				
I often try the latest hairdo styles when they change	.695					
I like parties where there is lots of music and talk					.539	
I would rather spend a quiet evening at home than go out to a party			.758			
I often try new stores before my friends and neighbours do	.663					

Life Styles	Rotated Factor Loadings on					
	Factor I	Factor II	Factor III	Factor IV	Factor V	Factor VI
I think I have more self-confidence than most people				.634		
I am more independent than most people		.688				
I think I have a lot of personal ability		.523				
My friends and neighbours often come to me for advice		.584				
I would like to take a trip around different retail formats		.646				
I take a lot of time and effort to teach my children latest styles and fashions			.685			
I usually watch the advertisements for announcement of sales	.611					
I often select my own / my children's dresses		.654				
During the warm weather I drink low calorie soft drinks several times a week				.765		
I buy more low calorie foods than the average household						.683
I consume more chocolates and ice creams						.724
I have use diet food at least one meal a day				.594		
I usually use perfumes / body sprays					.580	
I buy eco-friendly/ green products						.652
I am health consciousness				.557		
I am fitness consciousness				.756		
I usually keep my house very neat and clean			.629			
I do not like to see children's toys lying around		.556				
I like to pay cash for everything I buy					.538	
I am an active member of service organization					.662	
I shop for specials			.568			
I find myself checking the prices even for small items			.562			
I would like to purchase more branded cosmetic goods	.646					
I depended on canned food for at least one meal a day						.537
I depended on fast food for at least one meal a day						.656
It is good to have credit cards	.720					
Eigen Value	3.58	2.71	2.03	1.90	1.56	1.28
% of Variance	19.86	16.75	13.89	12.85	11.46	10.12
Cumulative % of Variance	19.86	36.61	50.50	63.35	74.81	84.93

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. Rotation converged in 14 iterations.

Influence of Life Styles on Consumers' Preference of Retail Formats:

In order to assess the influence of life styles on consumer's preference of retail formats, the multiple linear regressions by Ordinary Least Square (OLS) estimation and the results are presented in Table 5.2.1.

The results indicate that the coefficient of multiple determinations (R^2) is 0.841 and the adjusted R^2 is 0.839 indicating that the regression model is fit.

Table 2: Influence of Life Styles on Consumers' Preference of Retail Formats-Multiple Regression

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.447	.101		4.441	.000
	Fashion Consciousness(X_1)	.176	.073	.159	2.410	.016
2	Leadership Consciousness (X_2)	.117	.026	.111	4.592	.000
3	Family Consciousness(X_3)	.100	.034	.106	2.917	.004
4	Health Consciousness(X_4)	.186	.025	.222	7.504	.000
5	Enjoyment Consciousness(X_5)	.218	.027	.266	7.969	.000
6	Food Consciousness(X_6)	.101	.029	.112	3.514	.000
R^2	0.841					
Adjusted R^2	0.839					
F	543.454					0.000
N	600					

To determine if one or more of the independent variables are strong and significant predictors of overall consumer decision making. Table 2 reveals that the standardized coefficient for the variable 'Fashion Consciousness' has a ($\beta = .159, T = 2.410, P < .016$), 'Leadership Consciousness' has a ($\beta = 0.111, T = 4.592, P < .000$), 'Family Consciousness' has a ($\beta = .106, T = 2.917, P < .004$), 'Health Consciousness' has a ($\beta = 0.222, T = 7.504, P < .000$), 'Enjoyment Consciousness' has a ($\beta = .266, T = 7.969, P < .000$), 'Food Consciousness' has a ($\beta = .112, T = 3.514, P < .000$).

The results show that fashion consciousness; family consciousness are significant and positively influencing the consumer's preference towards Retail formats, while leadership consciousness and food consciousness, health consciousness and Food Consciousness are highly significant and positively influencing the consumer's preference towards retail formats at five cent level of significance and 83 percent of consumer decision making is influenced by the independent variables. So the regression equation is Influence of Lifestyle on Consumer Decision Making = $0.447 + 0.176 * \text{Fashion Consciousness} + 0.117 * \text{Leadership Consciousness} + 0.100 * \text{Family Consciousness} + 0.186 * \text{Health Consciousness} + 0.218 * \text{Enjoyment Consciousness} + 0.101 * \text{Food Consciousness}$

Findings:

- Consumer life-styles and purchasing behaviours have been always a great interest to marketers and the knowledge of consumer behaviour helps the marketer to understand how consumers think, feel and select from alternatives like products, brands and how the consumers are influenced by their environment, the reference groups, family, retail formats and salespersons.
- Due to the fast development of information, consumers' lifestyles have changed drastically. Consumers' lifestyles are closely associated with their behaviours. Therefore, consumers' lifestyles are focuses of enterprises and also forecast consumers' behavioural models and product preferences to ultimately win more customers in their competitive markets.
- Understanding consumer life-styles and value orientations in any areas can be very useful in profiling an individual consumer and targeting consumer groups for marketing planning purposes. Each group has its own unique demographic, socio-economic, and behavioural characteristics.
- Thus, a scrutiny of the relationship between consumer demographics and life styles is likely to provide marketing managers with valuable insights for market segmentation, value creation, product positioning or re-positioning, and promotional decisions.
- The decision to patronize a store usually starts with a set of characteristics or attributes that consumers consider important. Consumers use these attributes to determine which stores can cater to their needs. The price, quality, variety of merchandise, credit availability, return policies, physical attributes or facilities and well-known brands are important determinants of store choice of consumers.
- Consumer's lifestyle is influenced by demographic characteristics and values and consumer's lifestyles do influence their perceived image of a store. The emphasis is on retail as a brand rather than retailers selling brands.
- The focus should be on branding the retail business itself. Sustainable competitive advantage will be dependent on translating core values combining products, image and reputation into a coherent retail brand strategy.
- Indian consumers are having different types of culture, spending pattern, savings mode and entertainment are changing from conservative type of lifestyle to flexible one.
- As a result, there are many kinds of retail business in India including traditional trade and modern trade. There is a strong competition among these retail businesses and modern trade tend to do better as it can catch more consumers regarding that it is a new entrants to the market.

- Knowledge of the lifestyle of target consumers provides businesses with a variety of ideas for the development of advertising strategies. The ultimate objective of these strategies is to persuade people to assume behaviour patterns that are typical of their lifestyles. Thus, consumer life-styles and their impact on purchasing behaviour of consumers can help companies to gain a better understanding in order to gain a strategic advantage.

Conclusion:

Consumer is the basic foundation for every business because today consumers look, think, prefer and buys the products according to their lifestyle and it becomes opportunity to marketers to fine tune their marketing offers and achieve high level of consumer acceptance and satisfaction.

According to the study the consumers of organized retail formats are more fashion consciousness, leadership consciousness, family consciousness, health consciousness, enjoyment consciousness and food consciousness. The quality, value for money, variety, sales promotions, services and quality service person differentiate the retail formats.

The retail formats of Westside, Pantaloon, Lifestyle, Spencers' Daily, Saravana Stores Nilgiris, Food World, Reliance Fresh, Big Bazar and Spencer are highly preferred by the consumers.

The higher prices, unsatisfactory service, poor consumer care, non-availability of variety of products, no bargain, poor quality of sales person, lack of accurate information about products, location of retail store and complex arrangement of products are the major problems in existing retail formats.

In Earlier days life style factor is considered as one of the factor influence the purchase decision of customers, but today's technological revolution leads the customers to follow different living pattern, according the changes they change their decision on buying Behavior ,So Life style is Considered as the major component.

From the research analysis it can be conclude that Indian consumers are more conscious towards life style factors.

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