

## CONSUMPTION PATTERN AND FINANCIAL MANAGEMENT AMONG COLLEGE STUDENTS

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### ABSTRACT

Understanding consumption patterns are important to predict economic growth of a country, mainly for the ones which has a consumer demand-driven economy (Financial Express, 2015). Globalization has brought lots of changes in consumption patterns across the world and demand for innovative products and services increased. Hence, it is important to assess the present consumption patterns of individuals as they can be an important measure to predict the future consumption patterns. This study examines the consumption patterns and financial management of youth. As youth is the future development of any country's economy, it is important to assess their consumption patterns in order to achieve solutions for a sustainable economic development of a country.

**KEYWORDS:** Consumption, Finance, Management, Students, Economy

### INTRODUCTION

Understanding consumption patterns are important to predict economic growth of a country, mainly for the ones which has a consumer demand - driven economy and India is one of them (Financial Express, 2015). Globalization has brought lots of changes in consumption patterns across the world and demand for innovative products and services increased. The word Globalization has been heard since the 1990's in India. Due to this phenomenon, the consumption patterns of Indian consumers have been changing rapidly. The spending patterns on various items like food, clothing, housing, education, recreation, entertainment, travelling etc. is changing.

Consumption patterns change for both micro and macro reasons. At the micro level, changes are attributable to an individual consumer's changing tastes. At the macro level, such changes occur because of structural shifts in the environment. This affects our behaviour, lifestyle, values and needs which implicate the change of our consumption patterns, which can vary between and within different countries and cultures based on specific sets of value-systems (Karwala, 2005).

Youth is an age group who is easily influenced by factors like brands, advertisements and attractive qualities of a product. According to the UN, individuals who are in the age group of 15-24 years are considered to be a youth. Youth represents a period in life when a person makes the transition from the dependence of childhood to the independence of adulthood which is led with dreams and ambitions. There are several social, economic, biological, and demographic events that may occur, such as education, courtship, and preparation for entrance into the job market when individuals are in youth age. The results of a study showed that youth is an important market for products and ideas, their source of income is mainly from the families and friends play a dominant role in influencing their consumption. They see the value and

limitations of money, rarely practice money management skills, but are positive about their ability in managing money (Census and Statistics Department - Hong Kong, 2009).

India has world's largest youth population. Youth in India constitutes about 356 million, which constitute 28 per cent of the country's population. India has the world's largest youth population, despite having a smaller population than China (UN report, 2014). With a young, tech-savvy population, improved education and rapid growth, India is creating a consumer market deeply tied into mobility and connectivity. The sheer size of India's youth combined with improved education paves a way for sustained growth in purchasing power and makes India's consumer story to be one of the world's most compelling in the next 20 years as the consumption patterns have been changing rapidly in the recent years (Lu, 2016). This study was taken up to understand the consumption patterns and financial management of youth. As youth are the future citizens of our country's economy and constitute a good amount of the population, it is important to assess their consumption patterns in order to achieve solutions for a sustainable economic development of a country.

### **OBJECTIVES OF THE STUDY**

- To analyze the purchase behaviour of the selected college students at different stages of product purchase.
- To identify the brand preferences for different products.
- To explore the buying practices with respect to the purchase of products.
- To identify the problems faced with the products purchased.
- To study the financial management pattern for various items of expenditure.

### **METHODOLOGY**

The study was conducted using an exploratory research method in the city of Hyderabad, India. The sample of the study consisted of sixty randomly selected youth studying second year under-graduation course that belonged to the age group of 19-20 years. The tool used for the study was a structured questionnaire which consisted questions related to purchase behaviour and preferred brands for different products; motivating factors, information sources and problems with product purchase and the financial management pattern for different items of expenditure. The items of expenditure include food, clothing, travel, education, stationery, recreation, medicines, cosmetics, bags, mobiles, watches, footwear, sports equipment and other miscellaneous items. The data collected was tabulated and analyzed using frequency and percentages.

### **RESULTS AND DISCUSSIONS**

The respondents have given multiple responses to the questions asked under each section. The results obtained for each section are discussed below:

#### **Pre-Purchase Behaviour for Different Products**

The results of the study (Table 1) showed that the majority of the respondents (58.33%) seek advice from elder/peers/ relatives and collect information from TV Advertisements, Magazines/ newspapers (50.00%) before purchasing a product. This shows that the respondents are more influenced with the opinions of their elders/ peers/ relatives and media, rather than their own opinions.

The activity done by least number of respondents is a need assessment for the product (8.33%) and visit shops with a good reputation and quality products (5.00%). But it is important to do a need assessment for the product because buying unnecessary products can lead to wastage of money. It is also important to see the quality of the product before buying it, as a good quality product will have a better life-cycle compared to lower-quality ones. Comparing prices of different products is also important as this can save money and help in buying a good product. Budget for buying a product also has to be estimated so that the buyers can purchase the products within their budget and not spend more than their budget. This helps them to keep their expenses in control.

**Table 1: Distribution of Respondents by Pre-Purchase Behaviour for Different Products (n=60)**

Activity Done	Frequency	Percentage
Seeking advice from elder/ peers/ relatives	35	58.33
Collecting information from TV Advertisements, Magazines/ newspapers	30	50.00
Window shopping	20	33.33
Comparing prices in different shops	16	26.66
Seeking reference from neighbours	8	13.33
Comparing products of different brands	7	11.66
Estimating the budget	6	10.00
Need Assessment for the product	5	8.33
Visit shops with good reputation and quality products	3	5.00

#### Purchase Behaviour for Different Products

The activities made by nearly half of the respondents, while purchasing a product is Inspection of Labels by checking the manufacturing date, expiry date and Checking the Quality and Quantity. Checking the brand name (45.00%), standardization marks and for damages in the product (40.00%) are also few important factors considered by the respondents. The factors considered with least importance is Durability (3.33%) and enquiry about after purchase service, Check for cost variations among different brands/ products, checking freshness in perishable goods etc. (1.66%) (as displayed in Table 2).

The results indicate that youth are one such group who are more impulsive in purchasing products and hence they do not inquire or check the cost or quality of a product. But they should be educated to care of these issues as the price and quality of a product is important in a long-run while using a product. It is good to note that though they do not inquire about the cost and quality, but are cautious in checking the label information like manufacturing and expiry date as they feel safety is an important issue to consider while purchasing products.

**Table 2: Distribution of Respondents by Purchase Behaviour for Different Products (n=60)**

Activity done	Frequency	Percentage
Inspection of Labels (Checking expiry date, Date of manufacture or expiry, etc)	30	50.00
Checking the Quality and Quantity	30	50.00
Checking the brand name	27	45.00
Checking standardization marks	24	40.00
Checking for any damages in the product	24	40.00
Negotiating the product price	15	25.00
Product trial	13	21.66
Checking the Guarantee and Warranty	9	15.00
Checking the M.R.P (Maximum Retail Price)	7	11.66
Choosing design of the product	4	6.66
Choosing a trendy product	4	6.66

<b>Activity done</b>	<b>Frequency</b>	<b>Percentage</b>
Checking safety instructions	3	5.00
Choosing colour of the product	3	5.00
Checking the Durability	2	3.33
Others (Enquiry about after purchase service, Check for cost variations among different brands/ products, checking freshness in perishable goods etc.)	1	1.66

### **Post- Purchase Behaviour for Different Products**

As shown in the Table 3, the major factors considered by the majority (60.00%) of the respondents after purchasing the product are following instructions and procedures carefully related to the product. Apart from that they carry out trial tests (55.00%) and check for the purpose, fulfillment of the product (51.66%). The factor considered least important by the respondents is proper maintenance and servicing for the product (1.66%). The youth should be educated that proper maintenance and servicing of a product will help in saving their money as the product will be in a running condition for a longer time period.

**Table 3: Distribution of Respondents by Post- Purchase Behaviour for Different Products (n=60)**

<b>Activity Done</b>	<b>Frequency</b>	<b>Percentage</b>
Follow instruction and procedure carefully	36	60.00
Carrying out Trial tests	33	55.00
Checking for the purpose fulfillment	31	51.66
Keeping guarantee and warrantee cards safely	3	5.00
Rechecking for the product packing and contents	2	3.33
Returning the product if the requirements are not met	2	3.33
Proper maintenance	1	1.66
Servicing	1	1.66

### **Brand Preferences for Different Products**

The results of this study (displayed in Table 4) show that the respondents are aware of the different brands available for different categories of products like Food, Clothing, Footwear, Cosmetics, Watches, Bags, Sports equipment, Mobiles and Stationery. It can also be noted that the respondents mostly prefer Indian brands rather than International brands in all the product categories.

**Table 4: Brand Preferences for Different Products (n=60)**

<b>Products</b>	<b>Preferred Brands</b>
Food	Haldirams, Britannia, Horlicks, Cadbury, Amul, Kwality, Nestle, Priya, Coca- Cola, Good Day, Parle, Kurkure, Lays, Lehar, Annapurna, Nutrine, Mazaa, Maggie
Clothing	Reebok, Nike, Scullers, Pepe jeans, VIP, Lee, Regal, Raymonds, Royal, Levis, Adidias, APCO, Khaizas, Lee cooper, RIG, Honey, Live in, Denim, Reid and Taylor, Westside, Scullers, Madame, UMM, Vimal
Foot wear	Bata, Reebok, Paragon, Hollywood, Bata, Nike, Adidas, Snowhide, Metro, Payal, Rich lady, Lakhani, Sahara, Khadims, Regal, Sayani, Catwalk
Cosmetics	Ponds, Revlon, Lakme, Spinz, Garnier, Fair and lovely, Lux, Meera, Ashoka, Parachute, Lifeboy, Clinic Plus, Vaseline, Cavincare, Nova, Himalaya, Sunsilk, Loreal, Dove, Lactocalamine, Johson and Johnson, Oriflame, Dettol, Pantene, Eva, Ayur, Avon
Watches	Titan, Fastrack, Sonata, Quartz, Espirit
Bags	Gucci, Woodland
Sports Equipment	Nike, Adidias

<b>Products</b>	<b>Preferred Brands</b>
Mobiles	Nokia, Sony Ericsson, Motorola, Panasonic, Reliance
Stationery	Apsara, Natraj, Faber Castell, Reynolds, Fusion, Camel, Montex, Lepakshi, Kores, Camlin, Cello, Pushpakamal, Steadler, Parker

### Motivating Factors for Product Purchase

The factors motivating majority of the respondents of product purchase are exchange offers (53.33%) and offers (51.66%). The reason for this might be that the respondents feel that they can save their money if they purchased the products during the exchange offer period. The factors considered by least number (1.66%) of respondents are good will and Design of the product, Clearance sales, New brands and Unique Products (as displayed in Table 5).

**Table 5: Distribution of Respondents by Motivating Factors for Product Purchase (n=60)**

<b>Motivating Factor</b>	<b>Frequency</b>	<b>Percentage</b>
Exchange offers	32	53.33
Offers	31	51.66
Off season sale	29	48.33
Exhibitions	27	45.00
Festival seasons	25	41.66
Trend/ Fashion	13	21.66
Advertisements	10	16.66
Attractive colours/ appearance	9	15.00
Communication skills/ Persistent behavior of the seller	7	11.66
Free gifts, Brand name	7	11.66
Variety of the product	6	10.00
Durability	5	8.33
Need	4	6.66
Price	4	6.66
Discounts, Lucky Draws	2	3.33
Beauty of the product and Quality of the product	2	3.33
Good will, Design of the product, Clearance sales, New brands, Unique Products	1	1.66

### Sources of Information for Product Purchase

The results (Table 6) revealed that the majority of the respondents depend on the information provided by the newspapers (58.33%), Radio/ FM (53.33%), Magazines (51.66%) and Relatives (50.00%) while purchasing products. Very least number depends on the information provided by elders and television (3.33%). A thing to note is, youth is one age group where individuals are more attached and have a great impact from friends group. But in this case, the respondents relied more on self-gained information from different media rather than their friends' opinion. These results are supported by another study results which stated that as youths become more mature, influence of friends and family decreases and he/she relies more on evaluating product/ service features and characteristics and hence makes an independent decision (Birari and Patil, 2014).

**Table 6: Distribution of Respondents by Sources of Information for Product Purchase (n=60)**

Source of Information	Frequency	Percentage
News papers	35	58.33
Radio/ FM	32	53.33
Magazines	31	51.66
Relatives	30	50.00
Hoardings/ banners	19	31.66
Friends	19	31.66
Brochures/ Pamphlets	16	26.66
Advertisements	7	11.66
Internet	7	11.66
Neighbours	6	10.00
Elders	2	3.33
Television	2	3.33

### Problems Faced with the Products Purchased

The results (displayed in Table 7) showed that the majority of the respondents faced problems with false products (61.66%) and Poor-quality products (50.00%). The reason for the problems might be that the respondents did not check for quality products before purchasing a product (as shown in table 1). Hence, as they do not take proper care while purchasing a product, they face fewer problems later. Very few respondents faced problems with the products as there was no quick and proper customer care services (3.33%), buying old stock products (3.33%), buying faded colour products and defective products (1.66%).

**Table 7: Distribution of Respondents by the Problems Faced with the Products Purchased (n=60)**

Problem Faced	Frequency	Percentage
False products	37	61.66
Poor quality	30	50.00
Improper packing	27	45.00
No standardization marks	24	40.00
Improper weights and measures	23	38.33
Misleading advertisements	8	13.33
Damaged product	7	11.66
High price of the product	6	10.00
False statement	6	10.00
No warranty and guarantee	5	8.33
Sales gimmicks	4	6.66
No after service	3	5.00
No quick and proper customer care services	2	3.33
Old stock	2	3.33
Faded colours, Defective product	1	1.66
No proper attention while and after buying	1	1.66

### Finance Allocation (Average) for Different Items of Expenditure

The financial allocation for different items of expenditure was also assessed as a part of this study (displayed in table 8). The planned amount and the actual amount spent for each item was studied. The average amount allocated for food was more (36.10%) compared to other items like stationery (13.09%), education (11.31%), miscellaneous items (11.28%), travel (10.40%), clothing (8.30%), medicines (5.65%) and recreation (3.87%). But in actual practice, the average amount spent by the respondents increased in the case of food (+3.41%), clothing (+2.47%), travel (+3.09%), recreation (+1.4%) and stationery (+0.91%). The average amount spent decreased in the case of medicines (-3.71%), education

(-0.72%) and miscellaneous items (-7.85%) compared to the actual average amount allocated. The results of this study are supported by the results of another study with also reported that Indian youth spends a major portion of their disposable income on food (Vathsala, 2013).

**Table 8: Finance Allocation (Average) for Different Items of Expenditure (n=60)**

Activity	Average Amount Allocated (%)	Average Actual Amount Spent (%)	Difference in the Estimation and Amount Spent (%)
Food	36.10	39.51	+3.41
Travel	10.40	13.49	+3.09
Clothing	8.30	10.77	+2.47
Recreation	3.87	5.27	+1.40
Stationery	13.09	14.00	+0.91
Medicines	5.65	1.94	-3.71
Education	11.31	10.59	-0.72
Miscellaneous	11.28	3.43	-7.85

Proper money management education must be provided so that there will be a balance between the actual amount allocated and actual amount spent. Doing this will decrease the wastage of money on unnecessary things and reduce the impulse purchases and increase the money management skills and help to spend the money in a proper and right manner.

## CONCLUSIONS

The results of this study showed that the respondent youth are not much careful in their consumption practices. It is important to educate such youth who are not careful in planning their expenses. The spending and savings habits of the Indian youth have changed over the years. Youth has started to spend more money on food, entertainment and lifestyle and has become more brand conscious. In the recent years, the spending and savings of youth in India has changed drastically as a result of Globalization, Westernization, increased mall culture, higher spending power and money given by the parents. India is a country where the majority of the youth is dependent on parents rather than living independently, mainly in the case of money when compared to the youth of the western countries. Hence, the youth should be educated to cultivate habits of rational spending and should save and invest more in fixed deposits, mutual funds, etc. so that sustainable consumption practices will be promoted.

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