LIFESTYLE CHARECTERISTICS: A TOOL FOR CLUSTURES PREPARATION TO THE MARKETERS

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ABSTRACT

The study of Consumer lifestyle 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 21st 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 marketing mix companies have been moving from marketing at aggregate level, called mass marketing to mass customization, to the level of 1-to-1 marketing where each customer is treated as a separate segment. Lifestyle is an important concept used in this paper to segment the consumers in to groups (segments).

Key words: Consumers, Segmentation, Lifestyle, Characteristics, 21st century, Customization

Introduction:

The study of Consumer lifestyle 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 21st 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. This can largely be attributed to the prevailing market situation. Not only has competition become intense but also with the market being flooded with too many products, the challenge before marketer is to understand the diversity of consumer lifestyle and offer goods and services accordingly.

Review of Literature:

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. Cooper, (1984)[8] 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. Reynolds and Wells (1978)[16] found that lifestyle analysis was beneficial to any firm, which sought to invoke the marketing concept. The most common areas of application include the process of market segmentation, the development of product strategy and the development of the most appropriate communication strategy. The studies of Lazer (1981)[17] and Jones (1982)[18] indicate that lifestyle analysis is important in formulating marketing strategy. Forrest and Blumberg (1981)[19] viewed the life style as a principle which allowed management to assess accurately the needs of relevant market segment, because demographic descriptions have proved inadequate for this task. Ahmed and Jackson (1979)[20] also confirmed that lifestyle analysis could be of tremendous value to marketing managers. It facilitated the reduction of a large, heterogeneous population into a few basic groups. Hawkins, Besta, and Cooney(2002)[5] describe lifestyle as a

function of inherent individual characteristics that have been shaped and formed through social interaction as one evolves through the life cycle.

Objectives of the Study:

The present paper tries to identify the major lifestyle characters of the consumers in the twine city's (Hyderabad & Secunderabad) and segment them on the basis of their lifestyle patterns. The study aims at analyzing the lifestyles of people in twin cities and identifying the underlying lifestyle dimensions that can be used as a basis for segmenting the consumers.

Hypothesis:

H_0 (Null Hypotheses): There is no significant difference among the lifestyle characteristics of consumers.

H_A (Alternate Hypotheses): There is significant difference among the lifestyle characteristics of consumers.

Research Methodology:

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. Tha scale has reliability coefficient of 0.76, which was considered sufficient and adequate for the study.

Data Analysis

Factor analysis

In order to identify the lifestyle dimensions, the responses were factor analyzed. Principal component analysis with varimax rotation was applied on the response of the lifestyle construct. The resulting factors along with their factor loadings are shown in table 2. The 45 statements got reduced to 10 factors or variables. The variables selected for the study are Spending of Leisure time, Social orientation, Purchase Behaviour,

Innovation Adoption, Family orientation, Information seeking, Brand opinion, Buying decisions, Quality opinion and Perception of life.

Cluster Analysis

The next state in the data analysis is related to clustering of respondents into lifestyle segments. K-Mean clustering was applied on the lifestyle dimensions. By trial and error method a three cluster solution was arrived. The result of the cluster classifications is shown in table3.

Table 2.1: 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

The reliability of the cluster classification was measured by using canonical discriminant analysis. The results are given in appendix 1. The reliability of the variables was tested using analysis of variance. It was given in appendix 2.

Defining the Cluster characteristics

The characteristics of the three clusters identified with respect to ten variables obtained through factor analysis are explained by the group mean. The score of group means is exhibited in appendix3. Appendix 2 and 3 supports the hypothesis H_A that surveyed respondents differ in their lifestyle and hence can be grouped into different lifestyle segments. Based on the dominant lifestyle characteristics the segments are named Purchase interested lifestyle segment, Family orientated lifestyle segment and Innovative lifestyle segment.

CLUSTER PROFILE

Cluster I - Purchase Interested Lifestyle Segment

The members of this segment are characterized by their purchase behaviour, their brand opinion and their buying decisions. The members of this group have a great social orientation. They prefer to be large groups and enjoy parties with music and noise. They are shrewd purchasers and do not keep any durable goods for more than 5 years. They do not hesitate to buy goods on credit and are highly concerned with the price of the product.

They are very choosy in the selection of products or stores for purchase. They feel that foreign brands are better than Indian ones. When it comes to shopping, they prefer only limited stores with the product's guarantee. They are people who never take a risk of trying new products. They will make a buying decision only when they are sure of the brand. They are not much involved with social and voluntary activities.

Cluster II - Family Oriented Lifestyle Segment

These people are characterized by a strong involvement with their family. They like to stay at home and spend their free time with the family members. The do not hesitate to buy anything their family members want. Unlike lifestyle segment I, they dislike social gatherings, marriages, and parities. They have a very few friends. Being a little conservative, these lifestyle members are not at all interested in social and voluntary activities.

As their purchases are of family's demand, they are not bothered about the price of the goods. They are ready to pay any price for goods, which they think, could bring happiness to the family. They do not prefer to buy goods on credit. They look out for advertisements, and take the advice of friends before making purchases. They are also concerned about the quality of the products and goods purchased. They have a high positive perception towards life.

Cluster III – Innovative Lifestyle Segment

The members of this group are characterized by their high involvement in trying new goods and products. They are the trendsetters. They always want to be one among the first few to try new fashions.

They always prefer those activities that make them "stand out". They are involved in many activities outside their house. They actively participate in voluntary activities and community projects. As they are ones who always want to try new products, they do not search for information regarding the product. They have no preference for a particular brand or store for their purchase. They are not much involved with the family.

Quality is not of much importance to them. They are more interested in new fashions and new things in the market. This tendency makes them to buy things even on credit.

Marketing Implications

Lifestyle characteristics influence greatly on the purchasing behavior of the clusters. In a consumption environment, a person chooses a product or brand, which seems to possess a maximum possibility of the definition or elaboration of his lifestyle identity. Alternatively, a person makes a choice in a consumption environment in order to define or actualize his lifestyle, identify it through the products or brands chosen. It can be assumed that the individual's consumption behavior can be predicted from an understanding of how he represents his world to himself, if the details of his lifestyle system are known.

The relationship between lifestyle construct and purchasing behavior can thus be seen as an individual's purchases and use of products and services where these choices constitute part of his lifestyle expression and the reflection of his lifestyle. Products and services are selected, purchased and consumed by the individuals, in order for them to define, actualize or extend their lifestyle identity. Consequently, this notion supports the proposition that there is a causal effect of the individual's lifestyle on his consumption behavior.

They are shrewd purchasers and do not keep any durable goods for more than 5 years. They do not hesitate to buy goods on credit and are highly concerned with the price of the product. When it comes to shopping, they prefer only limited stores with the product's guarantee. This is cluster is a potential segment for the marketers, so marketers in this case can user promotional appeals, discounts, credit periods etc., to motivate the individuals in this segment.

Family oriented cluster are active information seekers. They tend to shop more frequently, visit variety of stores and exhibitions to compare the product, style, quality, price before they make their final choice. Hence display of stores must match the lifestyle to which the marketer intends to approach. The salesmen should have sound information regarding various brands sold by them, their selling prepositions. They should be well trained to handle consumers who are well informed.

Innovative lifestyle cluster people are very interested in trying new products and fashions. They always want to be the trendsetters. This would always lead to make them opinion leaders who in turn would influence the buying patterns of their peers, friends and relatives. Hence marketers must always try to motivate this segment to spread a favorable word of mouth from for their products and brands to supplement their selling efforts.

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Table-1

Table showing the list of AIO Statements.

Statements	SDA	DA	UD	A	SA
I enjoy most of my household tasks					
Advertisements present a true picture of the product advertised					
All ISI Certified goods are of better quality.					
Attractive dress boosts self-confidence.					
Before buying goods I visit a few shops and compare the prices, models and discounts.					
Branded products are more reliable					
Foreign brands are better than Indian brands					
Good grooming is a sign of self-respect					
Guaranteed goods are of better quality					
I actively participate in the activities of the voluntary agencies.					
I always buy new and different brands.					
I always prefer those activities that make me stand out					

I am involved in many social activities outside the house					
I buy from stores I can count on the products guarantee					
I consider the feelings of my family before deciding to purchase a product.					
I do buy branded products that I have never heard of.					
I enjoy active participation in voluntary activities.					
I don't mind buying goods on the platform after a bargain over the price.					
I often seek the advice of friends concerning which brand to buy					
A party without liquor is not a party.					
I enjoy spending most of the free time with my family					
I feel comfortable shopping in small stores in my neighbourhood than in large departmental stores.					
I find myself checking the price in the retail stores even for small items					
I generally prefer buying goods on credit.					
I have a few friends.					
I like parties where there is a lot of music and talk					
I like to work on community projects					
I love shopping with my family members					
I often buy new brands just to see what it is like					
I don't keep any durable product for more than five years					
I often try new brands before my friends and neighbours do					
I pay cash for everything I buy					
I prefer patronizing a few selected shops for my shopping					
In my view wearing trendy clothes help me to be a part of the social service					
I regularly visit beauty parlour to look attractive					
I usually watch advertisement for announcement of a sale					
If my family members wants certain goods, I don't hesitate to by them					
In evenings, I prefer to stay at home.					
I prefer to be in small a group of known friends in a social gathering.					
In my view, Life is short and one must enjoy it as much as one can					
It is worth paying higher price for a good brand name.					
One must simple take events as they come and make best use of them.					
There is certainly a difference in the quality of high priced and low priced products.					
Unless you have some specific reasons to save, it is better to spend money and enjoy.					

Table- 2

Factors		Factor Loadings
Factor 1 : Spending of leisure time		
1	I actively participate in the activities of the voluntary agencies	0.768
2	I like to work on community projects.	0.692
3	I am involved in many social activities outside the house.	0.671
4	I enjoy active participation in voluntary activities	0.590
5	I always prefer those activities that make me stand out	0.491
Factor 2 : Social orientation		

1	I have a few friends	0.563
2	I prefer to be in small a group of known friends in a social gathering	0.492
3	I like parties where there is a lot of music and talk.	0.423

Factor 3 : Purchase Behaviour

1	I find myself checking the price in the retail stores even for small items.	0.595
2	I generally prefer buying goods on credit.	0.479
3	I don't mind buying goods on the platform after a bargain over the price.	0.421

Factor 4 : Innovation adoption

1	I always buy new and different brands.	0.622
2	I always prefer being one of the first few to try the latest fashion.	0.620
3	I often try new brands before my friends and neighbours do.	0.614
4	I often buy new brands just to see what it is like.	0.572
5	I do buy branded products that I have never heard of.	0.385

Factor 5 : Family orientation

1	I enjoy spending most of the free time with my family.	0.676
2	If my family member wants certain goods, I don't hesitate to buy them.	0.582
3	I love shopping with my family members	0.574
4	In evenings, I prefer to stay at home.	0.502
5	I enjoy most of my household tasks.	0.493
6	I consider the feelings of my family before deciding to purchase a product	0.457

Factor 6 : Information seeking

1	I usually watch advertisement for announcement of a sale.	0.541
2	I often seek the advice of friends concerning which brand to buy	0.390
3	Before buying goods I visit a few shops and compare the prices, models and discounts.	0.350

Factor 7 : Brand Opinion

1	It is worth paying a higher price for a good brand name.	0.675
2	Foreign brands are better than Indian brands.	0.636
3	Branded products are more reliable.	0.445

Appendix-1   **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   First 2 canonical discriminant functions were used in the analysis.

Wilks' Lambda

Test of Function(s)	Wilks' Lambda	Chi- square	df	Sign.
1 through 2	0.235	1018.763	20	0.000
2	0.557	411.410	9	0.000

Source: Computed data

Appendix- 2   **Significance of Variables**

Variables	Wilks' Lambda	F	df1	df2	Sign
Spending of Leisure Time	0.710	55.106	1	748	.000
Social Orientation	0.692	124.149	1	748	.000
Purchase Behaviour	0.636	119.807	1	748	.000
Innovation Adoption	0.663	2986.323	1	748	.000
Family Orientation	0.872	1368.5458	1	748	.000
Information Seeking	0.632	1307.5765	1	748	.000
Brand Opinion	0.788	576.077	1	748	.000
Quality Opinion	0.642	1370.871	1	748	.000
Buying Decision	0.701	556.389	1	748	.000
Perception	0.596	1393.718	1	748	.000

Source: Computed data

Appendix- 3   **Group Mean and Cluster Ranks for Characteristics**

S. No.	Variable	Cluster 1		Cluster 2		Cluster 3	
		Mean	Rank	Mean	Rank	Mean	Rank
1	Spending of Leisure Time	3.00	2	1.15	3	4.64	1
2	Social Orientation	4.91	1	1.33	3	3.00	2
3	Purchase Behaviour	4.83	1	1.32	3	3.00	2
4	Innovation Adoption	1.38	3	3.00	2	4.70	1
5	Family Orientation	3.00	2	4.97	1	1.37	3
6	Information	3.00	2	4.69	1	1.36	3
7	Brand Opinion	4.82	1	3.00	2	1.43	3
8	Quality Opinion	3.00	2	4.71	1	1.45	3
9	Buying Decision	4.71	1	3.00	2	1.35	3
10	Perception	3.21	2	4.58	1	1.38	3