CHAPTER 1: INTRODUCTION

1.1 Concept and Context of the Study

Pune city was known as the pensioner’s paradise till a couple of decades ago. But today it is recognized as an IT & educational hub which is flooding with youngsters. About 60% of Population of Pune city (2011)\(^1\) consists of youngsters especially that belonging to Generation X and Generation Y. Generation X is the people with birthing years from 1961 to 1981 where as Generation Y are the people having birthing years from 1982 to 2003.\(^2\)

Consumer durables i.e. household electrical appliances comprising of both white goods and brown goods are in great demand. Naukri Hub\(^3\) in a report mentioned that before liberalization, only a few companies like Kelvinator, Godrej, Allwyn, and Voltas were the major players in the consumer durables market, accounting for about 90% of the market but after the liberalization, foreign players like LG, Sony, Samsung, Whirlpool, Daewoo, Aiwa also came into the picture and today, these players control the major share of the consumer durables market. 2007-08 saw about 10-15% growth.

(Naukri Hub)\(^4\) in a report published on the analysis of the industry mentioned that considering the Purchasing Power Parity (PPP), India is the 4th largest economy in the world and is expected to overtake Japan in the near future to become the 3rd largest. India has the youngest population amongst the major countries. Around two-thirds of its population is below the age of 35, and nearly 50% is below 25. Customers are seen flocking various stores and sales outlets to purchase the household electrical appliances. It has become imperative for the manufacturers and marketers of the household electrical appliance producing companies to not only understand the needs of the Generation X and Generation Y but also to understand the psyche of these consumers.

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\(^1\)Census of Pune City. Retrieved April 21, 2012, from http://www.census2011.co.in:
Kotler, Keller, Koshy and Jha (2013) defined psychographics as a science of using psychology and demographics to better understand consumers.

Psychographics and its studies are taking precedence so as to understand the customers’ psyche. Psychographics along with demographics acts as a means of predicting and explaining consumer marketplace behaviour by adding the richness of the social and behavioural science theories to standard demographic descriptions of people. This way the marketer can not only describe the types of people that buy their products but can also understand the factors that influence the customers’ buying behaviour.

There are many variables that are associated with psychographics. These are known as psychographic variables.

Wikipedia (2011) defines psychographic variables as “In the field of marketing, demographics, opinion research, and social research in general, psychographic variables are any attributes relating to personality, values, attitudes, interests, or lifestyles.”

This study intends to analyse the buying behaviour of Generation X and Generation Y customers while purchasing the selected household electrical appliances (Television, Fridge, air conditioner and Washing Machine) at the various sales outlets. The researcher intends to study and compare the psychographic attributes of Attitude, Personality and Lifestyle of Generation X and Generation Y customers.

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1.2 Household Electrical Appliances Industry

Indian Brand Equity Foundation [IBEF] (2007)\(^7\) states that the consumer durable industry is one of the fastest growing industries in India. Indian Urban and rural markets are growing at the annual rates of 7%–10% and 25%, respectively, with organised retail expected to grow by 10%. This is due to the rise in the disposable income and consumer financing becoming easier. The advanced technology and increasing competition are narrowing the price gap and the once expensive appliances are becoming cheaper.

The Industry sales were US$ 4.5 billion in value, in 2006-07 and more than 7 million units in volume terms. The Consumer Electronics and Appliances Manufacturers Association (CEAMA) estimate the size of the industry at Rs 30,000 crore and growing rapidly.

Fig 1.1:- Household Electrical Appliance Industry Sales

Source: Report by KPMG Advisory Services Private and Indian Brand Equity Foundation (IBEF) (2007)

A report by Corporate Catalyst India (2013)\(^8\) has projected the household electrical appliance industry to grow to a value of US$21.7bn by 2015

**Table 1.1:- Projected Growth Rates of Household Electrical Appliances**

<table>
<thead>
<tr>
<th>Appliances</th>
<th>FY04</th>
<th>FY09</th>
<th>FY14P*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colour TV</td>
<td>68</td>
<td>110</td>
<td>185</td>
</tr>
<tr>
<td>Room air conditioners</td>
<td>23</td>
<td>47</td>
<td>95</td>
</tr>
<tr>
<td>Refrigerators</td>
<td>31</td>
<td>51</td>
<td>81</td>
</tr>
<tr>
<td>Washing machines</td>
<td>11</td>
<td>21</td>
<td>36</td>
</tr>
<tr>
<td>Total</td>
<td>133</td>
<td>229</td>
<td>397</td>
</tr>
<tr>
<td>Five year CAGR</td>
<td>-</td>
<td>11.5%</td>
<td>11-12%</td>
</tr>
</tbody>
</table>

**Source:** http://www.cci.in/pdfs/surveys-reports/Consumer-Durables-Industry-in-India.pdf

The key players of the sector in India are

- a. Samsung
- b. Philips
- c. LG
- d. Sony
- e. Whirlpool
- f. Bluestar
- g. Onida
- h. Voltas
- i. Videocon
- j. Panasonic
- k. Hitachi
- l. Toshiba
- m. Etc.

These companies produce Televisions, Fridge, Washing Machines and Air conditioners as one of their major products.

The **Economic Services Group, National Productivity Council, New Delhi** published a detail report on the Indian Electrical Industry, sponsored by **Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India** (2009).\(^9\) The report states that this industry is characterized by intense competition, emergence of new companies, and introduction of MNCs, price discounts and exchange schemes, has tremendous growth potential in India. MNCs continue to dominate the Indian consumer durable segment and hold an edge over their Indian counterparts. There is an increasing demand for consumer durables due to rising income levels, double-income families, changing lifestyles (Products like air conditioners are no longer perceived as luxury products), availability of finance on credit, etc.

**Fig 1.2:- Growth of Consumer Electrical Appliance Production in India**

![Growth of Consumer Electrical Appliance Production in India](image)
1.3 Definitions

This section enlists the definitions of the various words that are related to the study.

1.3.1 Defining Generation X and Generation Y for the Current Research

Generation X (13th) is a term used for the people with birth years from 1961 to 1981 and Generation Y (Millennial, Echo boomers, Generation Next, Internet Generation) is a term used to define the people with birth years from 1982 to 2003. Table 1.2 shows the birth years as mentioned by Strauss and Howe in their book *Generations*.

Table: 1.2:- Generations and their birth years

<table>
<thead>
<tr>
<th>Generation</th>
<th>Type</th>
<th>Birth years</th>
<th>Formative era</th>
</tr>
</thead>
<tbody>
<tr>
<td>Artisanal Generation</td>
<td>Hero (Civic)</td>
<td>1433–1500 (67)</td>
<td>Unraveling: Retreat from France</td>
</tr>
<tr>
<td>Humanist Generation</td>
<td>Artist (Adaptive)</td>
<td>1451–1482 (21)</td>
<td>Crisis: War of the Roses</td>
</tr>
<tr>
<td>Reformation Seculum (104)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reformation Generation</td>
<td>Prophet (Idealist)</td>
<td>1439–1511 (22)</td>
<td>High: Tudor Renaissance</td>
</tr>
<tr>
<td>Reptilian Generation</td>
<td>Nomad (Reactive)</td>
<td>1512–1560 (49)</td>
<td>Awakening: Protestant Reformation</td>
</tr>
<tr>
<td>Elizabethan Generation</td>
<td>Hero (Civic)</td>
<td>1541–1666 (25)</td>
<td>Unraveling: Intolerance and Martyrdom</td>
</tr>
<tr>
<td>Parliamenterian Generation</td>
<td>Artist (Adaptive)</td>
<td>1566–1587 (21)</td>
<td>Crisis: Armada Crisis</td>
</tr>
<tr>
<td>Puritan Generation</td>
<td>Prophet (Idealist)</td>
<td>1588–1617 (29)</td>
<td>High: Merrie England</td>
</tr>
<tr>
<td>Cavalier Generation</td>
<td>Nomad (Reactive)</td>
<td>1618–1647 (29)</td>
<td>Awakening: Puritan Awakening</td>
</tr>
<tr>
<td>Glorious Generation</td>
<td>Hero (Civic)</td>
<td>1648–1673 (25)</td>
<td>Unraveling: Religious Intolerance</td>
</tr>
<tr>
<td>Enlightenment Generation</td>
<td>Artist (Adaptive)</td>
<td>1674–1700 (26)</td>
<td>Crisis: King Philip’s War</td>
</tr>
<tr>
<td>Glorious Revolution</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Awakening Generation</td>
<td>Prophet (Idealist)</td>
<td>1701–1723 (22)</td>
<td>High: Augustan Age of Empire</td>
</tr>
<tr>
<td>Liberty Generation</td>
<td>Nomad (Reactive)</td>
<td>1724–1741 (17)</td>
<td>Awakening: Great Awakening</td>
</tr>
<tr>
<td>Republican Generation</td>
<td>Hero (Civic)</td>
<td>1742–1776 (35)</td>
<td>Unraveling: French and Indian War</td>
</tr>
<tr>
<td>Revolutionary Seculum (90)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transcendental Generation</td>
<td>Prophet (Idealist)</td>
<td>1792–1821 (29)</td>
<td>High: Era of Good Feeling</td>
</tr>
<tr>
<td>Gilded Generation</td>
<td>Nomad (Reactive)</td>
<td>1822–1842 (20)</td>
<td>Awakening: Transcendental Awakening</td>
</tr>
<tr>
<td>Hero (Civic)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Progressive Generation</td>
<td>Artist (Adaptive)</td>
<td>1843–1859 (16)</td>
<td>Crisis: American Civil War</td>
</tr>
<tr>
<td>Great Power Seculum (82)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Missionary Generation</td>
<td>Prophet (Idealist)</td>
<td>1850–1862 (22)</td>
<td>High: Reconstruction/Gilded Age</td>
</tr>
<tr>
<td>Lost Generation</td>
<td>Nomad (Reactive)</td>
<td>1883–1900 (17)</td>
<td>Awakening: Missionary Awakening</td>
</tr>
<tr>
<td>G.I. Generation</td>
<td>Hero (Civic)</td>
<td>1901–1924 (23)</td>
<td>Unraveling: World War II/Prohibition</td>
</tr>
<tr>
<td>Silent Generation</td>
<td>Artist (Adaptive)</td>
<td>1925–1942 (17)</td>
<td>Crisis: Great Depression/World War II</td>
</tr>
<tr>
<td>Millennial Seculum (57)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baby Boom Generation</td>
<td>Prophet (Idealist)</td>
<td>1943–1960 (17)</td>
<td>High: Superpower America</td>
</tr>
<tr>
<td>Generation X</td>
<td>Nomad (Reactive)</td>
<td>1951–1981 (20)</td>
<td>Awakening: Consciousness Revolution</td>
</tr>
<tr>
<td>Millennial Generation</td>
<td>Hero (Civic)</td>
<td>1982–2000 (18)</td>
<td>Unraveling: Culture Wars</td>
</tr>
</tbody>
</table>


1.3.2 Defining Attitude, Personality and Lifestyle.

Following are few definitions of the psychographic attributes: Attitude, Personality and Lifestyle that are considered for the study.

1.3.2.1 Attitude

Rokeach (1968)\textsuperscript{11} defined Attitude as a learned orientation or disposition, toward an object or situation, which provides a tendency to respond favourably or unfavourably to any object or situation.

Engel, Blackwell and Minirad (1990)\textsuperscript{12} defined Attitude as an overall evaluation that allows one to respond in a consistently favourable or unfavourable manner with respect to a given object or alternative.

Eagly and Chaiken (1998)\textsuperscript{13} defined Attitude as a psychological tendency that is expressed by evaluating a particular entity with some degree of favour or disfavour.

Kotler, Keller, Koshy and Jha (2013)\textsuperscript{14} defined Attitude as a person’s enduring favourable or unfavourable evaluations, emotional feelings, and actions towards some object or idea.

\textsuperscript{11}Rokeach, M. \textit{Beliefs, attitudes, and values: A theory of organization and change}. San Francisco: Jossey-Bass. 1968.


1.3.2.2 Personality

Morgan and King (1966)\textsuperscript{15} defined Personality as the characteristic and distinctive traits of an individual, the stable shifting pattern of relationship between these traits and the way the traits interact to help or hinder the adjustment of a person to other people and situations.

Schiffman and Kanuk (1997)\textsuperscript{16} defined Personality as those inner psychological characteristics that both determine and reflect how a person responds to his or her environment.

Blackwell, Minirad and Engle (2010)\textsuperscript{17} defined Personality as an individual’s unique psychological makeup, which consistently influences how the person responds to his or her environment.

Kotler, Keller, Koshy and Jha (2013)\textsuperscript{18} defined Personality as a set of distinguishing human psychological traits that lead to relatively consistent and enduring responses to environmental stimuli (including buying behaviour).

\textsuperscript{15}Morgan, C., & King, R. Introduction to Psychology. New York: Mcgraw-Hill Company. 1966.
1.3.2.3 Lifestyle

Blackwell, Minirad and Engle (2010)\textsuperscript{19} called Lifestyle as a summary construct defined as patterns in which people live and spend time and money. These patterns reflect a person’s activities, interest and opinion. Blackwell, Minirad and Engle further say that this type of construct system is personal but can change according to the environment so as to be consistent with a person’s values or personality.

Kotler, Keller, Koshy and Jha (2013)\textsuperscript{20} defined Lifestyle as a person’s pattern of living in the world as expressed in activities, interest and opinions. They further say that it portrays the “whole person” interacting with his or her environment.

BusinessDictionary (2013)\textsuperscript{21} defines Lifestyle as a way of living of individuals, families (households), and societies, which they manifest in coping with their physical, psychological, social, and economic environments on a day-to-day basis. It is expressed in both work and leisure behaviour patterns and (on an individual basis) in activities, attitudes, interests, opinions, values, and allocation of income. It also reflects people's self image or self concept; the way they see themselves and believe they are seen by the others. Lifestyle is a composite of motivations, needs, and wants and is influenced by factors such as culture, family, reference groups, and social class.

1.3.3 Defining Household Electrical Appliances

Wikipedia (2013)\textsuperscript{22} defines Household / Home appliances as electrical / mechanical machines which accomplish some household functions, such as cooking or cleaning. Home appliances are further classified by Wikipedia into:

- **Major appliances, or White goods**:

  White goods/major appliances comprise major household appliances and may include: *air conditioner*, dishwasher, clothes dryer, drying cabinet, freezer, refrigerator, kitchen stove, water heater, *washing machine*, trash compactor, microwave ovens and induction cookers. White goods were typically painted or enamelled white, and many of them still are.

- **Small appliances, or Brown goods**:

  Brown goods/small appliances are typically small household electrical entertainment appliances such as: *Television sets*, CD and DVD players, camcorders, still cameras, clocks, alarm clocks, video game consoles, HiFi and home cinema, telephones and answering machines. Some types of brown goods were traditionally finished with or looked like wood or Bakelite.

- **Consumer electronics, or Shiny goods**

1.4 Influence of Psychography, Attitude, Personality and Lifestyle on Consumer Buying Behaviour

Kotler, Keller, Koshy and Jha (2013)\textsuperscript{23} defined psychographics as a science of using psychology and demographics to better understand consumers. They further defined psychographic segmentation as dividing the buyers into different groups on the basis of psychological / personality traits, attitudes, lifestyle, values, culture, etc. They state that people within the same demographic group can exhibit different psychographic profiles and it is imperative for marketers to understand and apply the knowledge of the psychographics for appropriate market planning to gain higher profits.

Dr K. Karunakaran (2009)\textsuperscript{24} defined psychographic segmentation as dividing buyers into different groups based on the social class, lifestyles or personality characteristics. He also states that the psychographics have lifestyle and attitude as the core basis. The author also states that the buyer behaviour predominantly depends on these attributes in case of certain product groups.

Blackwell, Minirad and Engle (2010)\textsuperscript{25} have stated that the demographics, psychographics, attitude, personality, lifestyle, culture, ethnicity, social class, consumer beliefs, feelings, intentions, family, household influences, group, personal influences, etc play important role in the buying behaviour of the customers.

Suja Nair (2010)\textsuperscript{26} says that it is important for the marketers to know the influence of personality, attitude and lifestyle on the consumption behaviour to formulate appropriate communication programs to attract the customers.

\begin{footnotesize}
\textsuperscript{24}Karunakaran, K., Marketing Management (Test and cases in Indian Context) (2 ed.). Mumbai, India: Himalaya Publishing House. 2009.
\textsuperscript{26}Nair, S. Consumer Behaviour and Marketing Research. Mumbai: Himalaya Publishing House. 2010.
\end{footnotesize}
1.5 Objectives and Scope of the Study

Following are the objectives and scope of the study.

1.5.1 Objectives:

1. To study if Generation X and Generation Y differ on the Basis of Attitude, Personality and Lifestyle, while purchasing the selected household electrical appliances.
2. To study the demographic characteristics of Generation X and Generation Y customers.
3. To study the buying behaviour of Generation X and Generation Y customers while purchasing the selected household electrical appliances.
4. To reduce the 30 variables associated with Attitude, Personality and Lifestyle into manageable size.
5. To study whether Generation X and Generation Y customers differ based on the factors generated by the data reduction technique.

1.5.2 Scope:

1. The region covered is the Municipal Corporation limits of Pune city. The map of Pune city attached as Appendix B of the Annexure.
2. The sales outlets displaying all the 4 electrical appliances i.e. Television, Fridge, Air conditioner and Washing Machine were only targeted.
3. The study period was June 2010 to December 2013.
1.6 Research Questions

The Research Questions for the study were:

1. Do the Generation X and Generation Y differ based on the Attitude, Personality and Lifestyle parameters while purchasing the selected household electrical appliances?
2. Is there a difference between Attitude, Personality and Lifestyle of Generation X and Generation Y customers while purchasing the selected household electrical appliances?
3. Whether the 30 variables defining the Attitude, Personality and Lifestyle can be reduced to a manageable size (factors)?
4. Do the Generation X and Generation Y customers differ based on the factors generated by the data reduction technique?

1.7 Hypotheses

H1: Generation X and Generation Y differ significantly based on the Attitude, Personality and Lifestyle parameters while purchasing the selected household electrical appliances.

H2: There is a significant difference between Attitude, Personality and Lifestyle of Generation X and Generation Y customers while purchasing the selected household electrical appliances.

H3: Significant correlations exits among variables under consideration for data reduction

H4: Generation X and Generation Y customers differ significantly based on the factors generated by Principle Component Analysis.
1.8 Significance of the Study

This study makes a significant contribution in understanding the Generation X and Generation Y customers while purchasing the selected household electrical appliances. Based on the previous literature and studies conducted by various researchers, the need for the research has been identified and the required factors about the study have been taken into consideration.

A questionnaire has been designed after referring to the previous research done that is relevant to the topic.

The results of this study will help one to understand the significance of the psychographic attributes of attitude, personality and lifestyle of Generation X and Generation Y customers.

This information will prove to be very useful to companies, manufacturing and/or marketing electrical appliances and related product groups.

The manufacturers and marketers of these companies can understand the psychography of Generation X and Generation Y customers so that they can deliver not only appropriate products and services but appropriate and suitable benefits keeping in mind the attitude, personality and life-styles of both Generation X and Generation Y consumers. The findings of this research will provide rich, flexible, and actionable information for manufacturing and marketing planning purposes, to have a better understanding of the Generation X and Generation Y customers.
1.9 Methodology

To achieve the above objectives, this study makes use of a detailed research methodology. The research gap has been identified from the comprehensive literature review. Questionnaire was framed referring various research papers. The Population, Sample design and the sample size has been calculated scientifically. Reliability testing has been performed using Cronbach’s Alpha. Test of normality has been performed to check the data distribution. Hypotheses formulation is done through pilot study. Testing of hypotheses is done by using statistic tests, using statistical techniques like Factor Analysis using Principle Component Analysis, Independent Sample $t$-Test and Mann-Whitney Test. Findings and Conclusion are expressed at the end of the study.