Status Consideration And Buying Decisions -A Study With Reference To Kerala

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INTRODUCTION

Kerala, a small state within Indian Union has become an enigma and a paradox to many economists and development experts at national and international level. Kerala stands much ahead of the other Indian states in terms of social indicators of development, even though the performance of the state in the economic front is dismal. Economic backwardness of Kerala does not reflect in the consumption level of the people. Consumption level of the state is above the national average and many well off states in India. **Kerala accounts for more than 12% of the consumer market of the country although it holds less than 4% of the population. Consumption style of the state is characterized by high proportion of expenditure on non-food and non essential item like consumer durables and luxuries similar to those of developed countries.** In rural Kerala, expenditure on food and non food items formed 45% and 55% respectively to total consumption expenditure whereas in urban areas, it was 40% and 60% respectively. However, in rural India, food and non-food expenditure constituted 55% and 45% respectively, the same in urban area was 43% and 57%. **Kerala is not only better off compared with the national level, but is also standing a great deal more on non food and better off on food items. It reveals that Kerala has been experiencing an unprecedented consumption boom and increase in standard of living**. Many economists tried to locate the factors behind such conspicuous consumption in Kerala. **Among other factors, literacy, education, rapid urbanization, large scale outmigration of people especially to Middle East, is pointed out as the reasons for peculiar pattern of consumption in the state**. The present study is also an endeavour in this regard.

OBJECTIVES OF THE STUDY

A complex set of socio-economic, cultural, religious, psychological and environmental factors determine the consumption pattern of a given society. Among psychological factors, social status is a prominent factor that influences the consumption pattern and purchase decision of an individual.

Status, according to Chambers Twentieth Century Dictionary, **means position or rank in relation to others**. Research on an individual's status in an organized group has shown that persons of a high status are more likely to be the focus of attention (of others) than the individuals of low status (**M.B.Ghorpade 1979**). Many attributes may contribute to this status of an individual in a modern society. The examples of the attributes that contribute to the status may vary from one group to another. Among a group of physicians, a surgeon may have a higher status; among a group of adolescents, the possession of a car may confer status; among professors, the publication of a research work may contribute to status in the group. Several studies inquiring into the background of decision making relating to purchase of goods and services reveal that such purchases have something to do with their social status. **This is largely because possession of high order goods and services enhances the social status of the owners in the community**.

Sooryamoorthy (1997) pointed out that consumption was not necessitated entirely by absolute utility consideration, but predominantly by the aspiration of consumers for better standard of living along with social status.

According to **Packward (1960),** the purchase of durables is motivated partly by status enhancement and/or partly by visibility factor. Consumption of durables, whether it has utilitarian value or not, has two features in common. **First, if the durables are still uncommon in homes, in the vicinity and near by areas, it will provoke a conversation among, especially females. Secondly, outsiders visiting such houses can see evidence of their presence. This visibility factor is a potent force in the purchase of such goods. This has been highlighted in the case of television.**

The present study is an attempt to reveal the status consideration of Keralites while making purchase decisions. The study was directed to find answers to the following questions.

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1. Is status consideration a prominent factor that influences the purchase decision?

2. Is there any significant difference among location, level of income and level of education of the households and the status consideration while making purchase decision?

HYPOTHESIS

1. Status consideration is not a prominent factor that influences the purchase decision of an individual.

2. There is no significant difference among location, level of income and level of education of the households and status consideration while making purchase decision.

METHODOLOGY

Primary data were collected from 600 households, 300 each from rural and urban population of Kerala. A multi stage sampling procedure was adopted for selecting the sample unit. Initially, three towns & panchayaths were selected from southern, central and northern parts of Kerala to represent the entire state. The selected towns and panchayaths were Varkala and Neendakara from southern side, Guruvayoor and Puthukkad from central part and Kalpatta and Pulpally from northern side. Then, one ward from each town and panchayath was selected. Then 100 households from each of these selected areas were selected for eliciting information. The towns, villages and wards were selected on the basis of systematic random sampling. The respondents were selected from the voters list using Lottery Method. The primary data collected and used in the research covers a period of one year i.e., 2007-08.

SCHEDULE OF ENQUIRY

Primary data were collected with the help of a pre-tested structured schedule. It consisted of four different parts. Part one consisted of the identification details of the households. Part two and three were used for collecting family details and asset holdings of the respondent households. Part four consisted of five statements for measuring the status consumption scale (SCS). Status consumption is the tendency to purchase goods and services for the prestige that owning them bestows.

DATA ANALYSIS

Status Consumption Scale is analyzed in three different ways. In the first part, average score of SCS is estimated for responses as a whole by location, level of income and level of education of the respondent house holds. The second part analyses the responses of each component of SCS by estimating the mean value by location, level of income and level of education of the respondent house holds. Difference in the mean value of SCS was examined with independent sample t-test and one way ANOVA test (F-test).

FORMULATION OF INCOME GROUP

In social science research, formulation of income groups on the basis of disclosed income is not desirable because respondents generally do not reveal the actual income of their families. Therefore, a composite index was formulated with the help of their monthly income, monthly expenditure and total assets holdings. On the basis of disclosed income, households were grouped in to three categories, i.e., families having income less than ₹ 5000 pm, between ₹ 5000 and ₹ 10000 pm and above ₹10000.p.m. Score one; two and three were given to each of them respectively (See table 1).

Table 1: **Score Based On Monthly Income**

Monthly Income	Score
Less than ₹ 5000	1
₹ 5000 to ₹ 10000	2
above ₹ 10000	3

Similarly, on the basis of disclosed expenditure, respondent families were grouped into three categories, i.e., families having expenditure of less than ₹ 5000 pm, in between ₹ 5000 and ₹ 10000 pm and more than ₹10000 pm. Score one, two and three were again given to first, second and third groups respectively (See table 2).

Table 2: Score Based On Monthly Expenditure

Monthly Expenditure	Score
Less than ₹5000	1
₹ 5000 to ₹ 10000	2
Above ₹ 10000	3

Table 3: Score Based On Assets Holding

Total Assets holding	Score
Less than ₹ 1, 00,000	1
₹100000 to ₹ 500000	2
Above ₹ 500000	3

On the basis of assets holdings also, respondent families were classified into three categories, i.e. families having total assets holdings of less than ₹ one lakh, in between ₹. one lakh and ₹ five lakhs and above ₹ five lakhs. Again, score one, two and three were given to each of them respectively (See table 3.). Finally, the aggregate score was computed for classifying households into lower, middle and upper income class. If the total score is less than three, they are classified as lower income class, the score is in between three and six, middle-income class and if the score exceeds 6, they are treated as upper income class (See table 4).

Table 4: Classification On The Basis Of Score

Total Score	Income Class
Less than 3	Lower
3 to 6	Middle
Above 6	Upper

FAMILY EDUCATION INDEX

Table 5: Score based on School years

Education of the family member	Score
Lower Primary	4
Upper primary	7
High school	9
SSLC	10
Pre-degree, plus two	12
Diploma	13
Degree	15
Post Graduation	17
Professional degree	17
Others (Certificate etc.)	11

To study the relationship between education and pressure in buying consumer durables, a family education index was prepared by considering the average school years of family members. Table 5 presents this information. This index is based on the total score obtained, and the score was assigned on the basis of average school years required for achieving that level of education.

CLASSIFICATION ON THE BASIS OF SCORE

If the aggregate score of the family is less than 10, such family was classified into low level of education and if the score is in between 10 and 15, they are middle level and if the score is above 15, such families are classified as highly educated families (See table 6).

Table 6 :Family Education Index

Total Score	Level of education of the family
up to 10	Lower
10 to 15	Middle
Above 15	Higher

SIGNIFICANCE OF THE STUDY

Individuals are often depicted as rational decision makers, calmly doing their best to obtain products and services that will maximize their wealth and well being of themselves, their family and their society. In reality, however, consumers' desires, choices and actions often result in negative consequences to the individuals and/or to society in which he/she lives.

Status consideration leads to conspicuous consumption. Conspicuous consumption results in financial distress, family stress, inadequate resources for proper childcare, delayed or bypassed medical care, bankruptcy or even houselessness. Over spending and over consumption engender variety of other problems such as social fragmentation, excessive ego focality, time famine and chronic stress, factors that imperial social harmony. The greed for more also results in debt trap, anxiety and waste. This consumption pattern will produce an incredible amount of pollution also. The study is important in this context. It is an attempt to reveal the status consideration of Keralities while making purchase decision. The result of such a study is expected to give an opportunity for introspection, and answer to many perplexing questions. The study is significant from the marketer's point of view also. Since the objective of the study is to disclose the status consideration while making purchase decision, it is of immense use to manufacturers and marketers to chalk out effective methods to enhance their position in the market.

LIMITATION

1. Data regarding SCS is collected by using Likert scale. Therefore, limitations of scaling technique are applicable to these data.

2. There is a chance for biased responses to the statements used for studying the SCS.

STATUS CONSUMPTION SCALE (SCS)

Mean value of responses for measuring SCS and their test results are presented in table seven by location, level of income and level of education

Table 7: **Average Scores of SCS by Location, Education and Income**

		Mean	N	Std. Deviation	Test	Sig. (2-tailed)
Location	Urban	3.11	300	.76		
	Rural	2.87	300	.49	t = 4.57	.00
	Total	**2.99**	**600**	**.65**		
Education Level	Low	2.99	331	.65		
	Medium	2.10	242	.65	F = 0.19	.83
	High	2.92	27	.69		
	Total	**2.99**	**600**	**.65**		
Income Level	Lower Class	2.92	170	.73		
	Middle Class	3.02	323	.59	F = 1.20	.30
	Upper Class	3.00	107	.69		
	Total	**2.99**	**600**	**.65**		

Source: Survey Data

It is found from Table 7 that the mean values of the responses of status consumption scale are 3.11 and 2.87 respectively for urban and rural respondent households. The calculated value of t-test is 4.57 and its significance value 0.00 is less than 0.05 at five percent level. Hence, the hypothesis that **"There is no significant difference between the urban and rural households regarding status consideration while purchasing a product"** is rejected. From this, it is concluded that the difference in the average values of status consumption scale among location is not due to chance alone. From the mean value, it is clear that urban respondent households are more status conscious than their rural counterparts.

It is evident from Table 7 that the mean values of the responses for lower, middle and upper Income class respondent families are 2.92, 3.02 and 3.00 respectively. The calculated value of F-test is 1.20 and its significance value 0. 30 is more than the table value at 5% level. Hence, the hypothesis that **"there is no significant difference between the level**

of income and their status consideration while making purchase decision" is accepted.   It reveals that there is no significant difference among various income groups regarding status consideration while buying a product. Since the mean value of SCS is more than the hypothesized value of 2.5 for all income groups, it is concluded that all income groups are status conscious while making a purchase decision. The average scores of the responses for the low, medium and high-educated respondent households are 2.99, 2.10 and 2.92 respectively. The calculated value of F- test is 0.19 and its significance value 0.83 is more than the table value at 5% level of significance. Thus, the data proves the hypothesis that *"there is no significant difference between level of education and their status consideration while making purchase decisions"*.   It leads to the conclusion that there is no significant difference between educational groups with regard to their status considerations while making purchase decision.

ANALYSIS OF EACH COMPONENT OF SCS

Responses of each statement used for measuring SCS was analyzed on the basis of location, level of income and level of education of the respondent households.

❀SCS-VIS-À-VIS LOCATION

Table 8: Average Score Of Each Component Of SCS Vis-à-vis Location

	Location	Mean	N	Std. Deviation	t	Sig (2-tailed)
Buying a product for status	Urban	2.90	300	.87	6.99	.00
	Rural	2.46	300	.66		
	Total	**2.68**	**600**	**.80**		
Interest in new product with status	Urban	3.24	300	.92	4.33	.00
	Rural	2.93	300	.83		
	Total	**3.09**	**600**	**.89**		
Paying more for a product with status	Urban	2.73	300	.97	7.93	.00
	Rural	2.21	300	.57		
	Total	**2.47**	**600**	**.84**		
Status of a product is relevant	Urban	3.52	300	1.02	-3.14	.00
	Rural	3.76	300	.90		
	Total	**3.64**	**600**	**.97**		
Product with snob appeal is more valuable	Urban	3.15	300	.85	2.51	.01
	Rural	2.98	300	.81		
	Total	**3.07**	**600**	**.83**		

Source: Survey Data

Table 8 gives information regarding the mean values and their statistical significance for each component of SCS by location of residence of the respondent households. It is found from the table that the total mean values of responses of four out of five statements are above the hypothesized value of 2.5 and it is near 2.5 for one statement. It reveals that status consideration is a prominent factor that influences the purchase decision of a respondent. The Table further reveals that the significance value of t-test of all statements are less than 0.05 at 5% level of significance. Hence, the hypothesis that *"there is no significant difference between urban and rural households with regard to status consideration while buying a product"* is disproved. It reveals that there is significant difference between urban and rural households regarding status consideration while buying a product. As the mean values of responses of urban households for all statements are more than their rural counterparts, it is concluded that urban households are more status conscious than the rural households while making purchase decision.

❀SCS VIS-À-VIS LEVEL OF INCOME

The relationship between level of income of the respondent families and their status consideration while buying a product is depicted in Table 9.It is evident from the table that the significant value of F-test is more than the table value

Table 9: Average Score Of Each Component Of Scs Vis-à-vis Level Of Income

	Income Level	Mean	N	Std. Deviation	F	Sig.
Buying a product for status	Lower Class	2.66	170	.85	0.11	.90
	Middle Class	2.68	323	.77		
	Upper Class	2.71	107	.81		
	Total	**2.68**	**600**	**.80**		
Interest in new product with status	Lower Class	2.93	170	.93	3.96	.02
	Middle Class	3.16	323	.84		
	Upper Class	3.11	107	.95		
	Total	**3.09**	**600**	**.89**		
Paying more for a product with status	Lower Class	2.50	170	.84	1.62	.20
	Middle Class	2.50	323	.81		
	Upper Class	2.34	107	.90		
	Total	**2.47**	**600**	**.84**		
Status of a product is relevant	Lower Class	3.64	170	1.05	0.14	.87
	Middle Class	3.63	323	.90		
	Upper Class	3.68	107	1.04		
	Total	**3.64**	**600**	**.97**		
Product with snob appeal is more valuable	Lower Class	2.89	170	.87	5.50	.00
	Middle Class	3.13	323	.78		
	Upper Class	3.16	107	.88		
	Total	**3.07**	**600**	**.83**		

Source: Survey Data

Table 10: SCS Vis-à-vis Level Of Education

	Education Level	Mean	N	Std. Deviation	F	Sig.
Buying a product for status	Low	2.72	331	.80	2.09	.12
	Medium	2.66	242	.80		
	High	2.41	27	.75		
	Total	**2.68**	**600**	**.80**		
Interest in new product with status	Low	3.05	331	.88	0.54	.58
	Medium	3.13	242	.88		
	High	3.11	27	1.09		
	Total	**3.09**	**600**	**.89**		
Paying more for a product with status	Low	2.52	331	.83	1.99	.14
	Medium	2.42	242	.83		
	High	2.26	27	.94		
	Total	**2.47**	**600**	**.84**		
Status of a product is relevant	Low	3.64	331	.97	0.49	.61
	Medium	3.62	242	.97		
	High	3.81	27	1.08		
	Total	**3.64**	**600**	**.97**		
Product with snob appeal is more valuable	Low	3.00	331	.81	2.73	.07
	Medium	3.16	242	.84		
	High	3.00	27	1.04		
	Total	**3.07**	**600**	**.83**		

Source: Survey Data

at 5% level for three statements i.e., buying a product for status, paying more for a product with status and status of a product is relevant. Hence, the hypothesis that *"there is no significant difference between level of income and status consideration while buying a product"* is accepted. It leads to the conclusion that status consideration is almost the same for different income groups while making purchase decision.Table 9 further reveals that the significant value of F-test is less than the table value at 5% level of significance for two statements i.e., 'Interest in new product with status' and 'product with snob appeal is more valuable'. Hence, the hypothesis that *"there is no significant difference between level of income and the status consideration while buying a product"* is rejected. It reveals that there is significant difference between two income groups in status consideration while making a purchase decision. Table 10 presents information regarding the average scores of responses and its statistical significance for each component of SCS in comparison with the level of education of the respondent families. It is known from Table 10 that the significant value of F-test for all the statements, meant for assessing the status consumption scale is more than 0.05 at 5% level of significance. Hence, the hypothesis that *"there is no significant difference between level of education and the status consideration while buying a product"* is accepted. From this, it is concluded that there is no significant difference between the level of education and status consideration while buying a product. This reveals that the status consideration is almost same to all educational groups while buying a product.

MAJOR FINDINGS

Total mean value of SCS by location, level of income and level of education is more than the hypothesized value of 2.5 and the test results proved significant difference between mean value and hypothesized value. This leads to the conclusion that majority of respondent households are status conscious and they are ready to purchase a product even to exhibit their status. Hypothesis testing reveals that there is significant difference between urban and rural households with regard to status consideration while making a purchase decision. From the mean value of responses, it is evident that urban households are more status conscious than their rural counterparts. Respondents are ready to purchase a product if it is expected to enhance their status. Test result discloses that urban households and middle-income groups are more prone to purchase a product for enhancing the status. Level of education is not a significant factor in this regard.A good number of respondent households are ready to pay more for a product if it will enhance their status. Hypothesis testing reveals that urban households are more status conscious in this regard. Level of income and level of education have no significant effect in this respect. Analysis of data and test result prove that irrespective of the level of income and level of education, almost all respondent households agree that status of a product is relevant for them. The study further reveals that rural respondent households are slightly more status conscious in this regard than their urban counter parts.Hypothesis testing reveals that products with snob appeals are more valuable to most of the respondents regardless of their level of education. The study further reveals that urban, middle and upper income class households are more attracted towards a product with snob appeal.

CONCLUSION

Status deriving from the possession of a product is relevant while making purchase decisions. All income and educational groups have almost the same status consciousness while making purchase decisions, but the urban respondents are more status conscious than their rural counterparts. This leads to the conclusion that in Kerala, status consideration is a prominent factor that induces people to purchase goods and services.

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