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An analysis on factors affecting buying behaviour towards financial instruments with special reference to Trichy district

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Abstract

Buying behaviour can be broadly classified as the decisions and actions that influence the purchase behaviour of a consumer. Buying behaviour is the process by which buyer tends to satisfy his/her needs by selecting their choices. Deregulation and the emergence of new forms of technology have created highly competitive market conditions which has a critical impact upon buyer behaviour. The paper presents the factors affecting the buying behaviour towards financial instruments. The study was conducted among 120 respondents belonging to different demographic groups in Trichy District. The results reveal that customer satisfaction is the main factor which affects buying behaviour of investors.

Keyword: Buying behaviour, Emotional, Rational, Customer satisfaction and Investors.

Introduction

The Indian consumer market has higher disposable income, the development of urban life style and increase in consumer awareness has affected the buyer behaviour in cities, towns and rural areas. India is set to grow into the fifth largest consumer market in the world by 2025. The study of buying behaviour does not only include reasons for buying but also the consumption process of the consumer at large. In the entire process of buying consumer gets driven by motivation, income, lifestyle, opinion, culture, personality etc. (Katiyar and Katiyar, 2014) ^[2]

Buying behaviour is the process by which investor tends to satisfy their needs by showing their choices. The behaviour of a person can be affected by many of internal as well as external environment. The demographical factors play critical role in determining individual buying behaviour for any goods / services and also influenced by cultural, social, personal and psychological factors.

Objectives

- To identify factors which affect the buying behaviour of the investors.
- To analyze the purchase motivation style of the investors.

Review

- **Jani and Jain (2014)** ^[1] analysed about measuring buying behaviour of rural investors for mutual fund among 100 respondents from valsad city and surrounding rural areas. This study results demographical factor has influence on buying behavioural pattern of rural investors, risk is the main factor affecting buying behaviour of investors and
- **Katiyar and Katiyar (2014)** ^[2] studied about influencing factors on Indian consumer buying behaviour towards FMCG products on the basis of demographic, psychographic, behavioural factors among 150 consumers in Uttar Pradesh. This study results that perception of rural and urban consumers are same, the democratic background of the rural consumer plays a vital role in determining the behavioural aspect as well as the royalty of brand and they prefer purchasing of FMCG products mostly from convenience store or neighbour retail store.
- **Jani and Jain (2013)** ^[4] examined about the buying behaviour of urban rural for financial assets specifically focused on mutual fund among 200 respondents from valsad

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city and surrounding rural areas. This study results demographical factor has influence on buying behavioural pattern of both urban and rural investors and past performance of the investments plays a vital role in investor behaviour.

- **Mesay Sata (2013)** [3] analysed about factors affecting consumers buying behaviour of mobile phones among 231 respondents from Hawassa city. This study found that price and product features are the two dominant factors affecting the buying behaviour of the consumers.

Statement of problem

With increasing competition in financial market, it is necessary to identify the factors affecting buying behaviour of investors for financial instruments. This study attempts to

identify various factors which affect the buying decision of investors in urban, semi urban and rural areas in Trichy.

Research design

Primary data collection was done through survey method using well-structured questionnaire. The Sample Size of 120 respondents in Trichy was chosen thro convenience sampling method. Analysis of data was done through Percentage analysis, descriptive statistics, Friedman Test and chi-square using SPSS software.

Analysis and Interpretation Percentage Analysis

Table 1: Demographic Profile of Respondents

Demographic Factors	Classifications	Frequency	Percent
Area of Residence	Urban	50	41.7
	Semi-urban	17	14.2
	Rural	53	44.2
	Total	120	100.0
Gender	Male	49	40.8
	Female	71	59.2
	Total	120	100.0
Age	18yrs-25yrs	50	41.7
	26yrs-35yrs	11	9.2
	36yrs-45yrs	17	14.2
	46yrs-55yrs	26	21.7
	56yrs & above	16	13.3
	Total	120	100.0
Marital Status	Single	61	50.8
	Married	59	49.2
	Total	120	100.0
Nature of family	Nuclear	62	51.7
	Joint Family	58	48.3
	Total	120	100.0
Number of Dependents	Less than 3	28	23.3
	3-5 members	65	54.2
	6 & above	27	22.5
	Total	120	100.0
Education Qualification	Secondary level	4	3.3
	Higher secondary	16	13.3
	Under graduate	91	75.8
	Post graduate	9	7.5
	Total	120	100.0
Employment Status	Self employed	12	10.0
	Working full time	40	33.3
	Working part time	2	1.7
	Home maker	7	5.8
	Student	47	39.2
	Unemployed	4	3.3
	Retired	8	6.7
	Total	120	100.0
Monthly Income of the Family	Below Rs.10000	4	3.3
	Rs.10001-Rs.20000	13	10.8
	Rs.20001-Rs.30000	37	30.8
	Rs.30001-Rs.40000	23	19.2
	Rs.40001-Rs.50000	33	27.5
	Above Rs.50001	10	8.3
Total	120	100.0	

Source: Primary Data

Majority of the respondents 44.2% are from rural area, 59.2% are female, 41.7% belong to the age group of 18-25years, 50.8% are unmarried, 51.7% live in nuclear family

setup, 54.2% have 3-5 dependent family members, 75.8% are undergraduates, 39.2% Student, and 27.5% have a monthly income of Rs.40001-Rs.50000.

Table 2: Descriptive statistics of financial instruments

Instruments	N	Minimum	Maximum	Mean	Std. Deviation
Pension Fund	120	1.00	3.00	2.6250	.63593
Gold	120	1.00	3.00	2.5750	.69406
Stocks	120	1.00	3.00	2.7333	.56111
Real Estate(investment)	120	1.00	3.00	2.5417	.56354
Real Estate(personal)	120	2.00	3.00	2.6500	.47897
Bonds	120	1.00	3.00	2.4750	.57923
Asset portfolio	120	1.00	3.00	2.1250	.93990
Insurance	120	1.00	3.00	2.6083	.52334
Retirement plans	120	1.00	3.00	2.4917	.64815
Banking Services	120	1.00	3.00	2.5417	.63373
Postal Services	120	1.00	3.00	2.5250	.57923
Shares	120	1.00	3.00	2.3333	.78144
Credit Rating	120	1.00	3.00	2.1000	.77134
Bill Discounting	120	1.00	3.00	2.4833	.64799
Lease Financing	120	1.00	3.00	2.5417	.56354
Hire-purchase	120	1.00	3.00	1.8167	.80943
Housing finance	120	1.00	3.00	2.5083	.54996
Venture capital	120	1.00	3.00	2.1917	.74806
Factoring	120	1.00	3.00	2.1000	.79282
Merchant Banking	120	1.00	3.00	2.0583	.84312
Others	120	1.00	3.00	1.5667	.87671

From the above table it is found that respondent’s level of awareness is high for stocks with the mean of 2.7333 and level of awareness is low for Hire-purchase and consumer credits with the mean of 1.8167 among financial instruments. From the above table it is found that customer satisfaction is the major factor which affects the buying behaviour which is implied with the mean rank of 3.37 and the factor which affects the least is investment decision which is implied with the mean rank of 2.62. There is a significant difference in factors affecting buying behaviour.

Table 3: Ranking on factors affecting buying behaviour

Factors affecting buying behavior	Mean Rank	Rank
Social factors	2.71	IV
Personal factors	3.11	III
Psychological factors	3.20	II
Customer satisfaction	3.37	I
Investment decision	2.62	V
Chi square: 20.588Sig: .000		

Table 4: Descriptive statistics customer satisfaction

Factors affecting buying behavior	N	Minimum	Maximum	Mean	Std. Deviation	
Customer Satisfaction	Speed	120	1.00	3.00	2.5917	.58691
	Accuracy	120	1.00	3.00	2.5750	.61716
	Safe	120	1.00	3.00	2.7333	.54593
	Suave	120	2.00	3.00	2.7833	.41370
	Comfort	120	2.00	3.00	2.4083	.49359
	Decision making convenience	120	1.00	3.00	2.6583	.51033
	Transaction technicalities	120	2.00	3.00	2.5917	.49359

From the above table it is found that respondents level of awareness is high for suave in customer satisfaction with the mean of 2.7833 and level of awareness is low for comfort with the mean of 2.4083 among customer satisfaction.

Table 5: Purchase motivation style

Motivation Style	Frequency	Percent
Emotional	21	17.5
Rational	24	20.0
Emotional and Rational	75	62.5
Total	120	100.0

Out of 120 respondents 62.5% of respondents are emotional and rational in purchase motivation style and only 17.5% of them are emotional while taking decisions.

Table 6: Ranking of purchase motivation style

Purchase Motivation Style	Mean Rank	Rank
Economical	8.03	I
Prudent	5.60	XII
Low price	6.15	X
Suitable product functions	7.94	II
Persistent	6.76	IX
Easily maintained	7.52	VII
World famous brand	5.39	XIII
Work steady	5.81	XI
Comfortable	7.71	V
Prestige	7.83	IV
Individually	6.81	VIII
Similarly	7.90	III
Fear	7.54	VI
Chi square: 89.527Sig: .000		

From the above table it is found that in purchase motivation style of financial instruments economical ranks first with the mean rank of 8.03 and famous brand ranks the least with the mean rank of 5.39. There is a significant difference in selecting purchase motivation style.

Findings

Majority of the respondents 44.2% are from rural area, 59.2% are female, 41.7% belong to the age group of 18-25years, 50.8% are single, 51.7% live in nuclear family setup, 54.2% have 3-5 dependent family members, 75.8% are undergraduates, 39.2% are students, and 27.5% have a monthly income of Rs.40001-Rs.50000. The analysis of descriptive statistics shows that respondent's level of awareness is high for stocks among financial instruments. Customer satisfaction is the major factor which affects the buying behaviour. Level of awareness is high for suave in customer satisfaction. Most of respondents (62.5%) are both emotional and rational in purchase motivation style. Among motivational styles economical ranks first. There is a significant difference in factors affecting buying behaviour and purchase motivation style of financial instruments.

Conclusion

This study analysed the various factors affecting buying behaviour of investors among different age group of people in Trichy city. Respondents are not much exposed to Hire-purchase and consumer credits because they are not aware about the organised sectors. Investment decision has not influenced the respondents because they are expecting more returns but they are not ready to take risk at higher investments.

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