



ISSN Print: 2394-7500
ISSN Online: 2394-5869
Impact Factor: 8.4
IJAR 2021; 7(4): 191-194
www.allresearchjournal.com
Received: 20-02-2021
Accepted: 30-03-2021

Ranju Narang
Associate Professor,
Department of Economics,
Shri Shaligram Sharma
Smarak (P.G.) College, Rasna,
Meerut, Uttar Pradesh, India

Socio-Economic Status and Consumer Behaviour: A Study of Meerut District

Ranju Narang

Abstract

Household income and consumption are two direct monetary measures used in assessing the economic well being of the population. Consumption Expenditure is a better indicator of human well being than income as a part of income may be saved or may be used to repay the loans taken earlier. Consumer behaviour is the analysis of peoples' attitude to fulfil their desires. Consumer behaviour is influenced by socio economic status of consumers. Income, family size occupation, type of residence, education etc. affect consumer behaviour. The present study is an attempt to analyse how far these socio economic variables affect behaviour of consumer households in Meerut District.

Keywords: Socio economic profile, consumer behaviour, Meerut district

Introduction

Consumption in economic theory means final use of goods and services to satisfy human wants, needs and desires. It is a process of deriving utility from goods and services. Total money value of goods and services for the current use by household sector is defined as consumption (Handerson and Poole, 1991) ^[1]. Consumption pattern is the mode of behaviour. Thus consumer behaviour is a dynamic state; it may vary place to place and time to time. Socio economic profile of consumer deeply supports this dynamism of consumer behaviour. Income is the main factor which affect consumption directly. Size of the family, occupation and education also decide the frame and composition of consumer basket. This study is to explore the impact of these socio economic variables on consumer behaviour of Meerut District.

Related Studies

Sooryamurthy (1995) ^[2] identified the significance of certain socio economic variables that have an enhancing role in the new trend of consumerism in Kerala. The variables income, occupation and education were found to enhance the expenditure on the items like beverages, refreshments and processed food, clothing and footwear. It was observed that Keralities spend more on nutritious and modern food commodities. Besides, percentage of expenditure of Keralities on clothing, footwear and durable goods is more as compared to that of India. Jindal Neha *et al.* (2015) ^[3] studied about factors affecting size and growth of middle class in India. Middle class comprises significant market for food products, fosters saving and human capital accumulation. It is a source of consumer power and can lead to sustainable long run growth. The study empirically found that education, urbanisation, declining fertility rate, higher share of service sector in GDP are the factors that contribute towards the growth of consumption and middle class in the country. Thanigchalam, S *et al.* (2014) ^[4] studied to find our factors influencing purchase decisions towards fast moving consumer goods (FMCG) Data was collected from 500 consumers using FMCG in Pudducherry. The study shows that consumers behaviour is positively and significantly correlated with influencing factors of Brand of the product (0.752) Price (0.689) Place (0.692) and Promotion (0.782). Moreover the study reveals that income, education, occupation and family size of the population also affect their purchase decisions.

Corresponding Author:
Ranju Narang
Associate Professor,
Department of Economics,
Shri Shaligram Sharma
Smarak (P.G.) College, Rasna,
Meerut, Uttar Pradesh, India

Relevance of selecting Meerut District as Study Area.

Meerut is a part of National Capital Region (NCR) and one of the largest cities Uttar Pradesh. It is fastest growing city in the terms of educational facilities, social activities, infrastructural development, commercial, agricultural and industries and as a hub of real estate business. Meerut is also famous for handloom work and scissors industry. Being in proximity of Delhi, it is ideal for industries like textiles, transformers, sugar, distillery, chemicals, engineering, paper, sports goods and jewellery. Meerut is the largest supplier of sports goods being the largest Indian cricket manufacturer and exporter (District Statistical Office, Meerut). It is regarded as one of the most flourishing districts of the state. So it is important to examine association between consumer behaviour and socio economic profile of households.

Objectives of Research

- To explore socio economic profile of consumer households.
- To examine the association between socio economic profile and consumer behaviour of households.

Hypothesis

H 01 There is no significant impact of socio economic profile of the households on consumer behaviour.

H 11 There is significant impact of socio economic profile of the households on consumer behaviour.

Research Methodology

The study is an empirical study based on households survey of consumers living in Meerut District. Primary Data based on income, expenditure, family size, occupational structure and consumption was collected through schedule based on structured questionnaire. The sample was selected by satisfied random sampling. The number of samples were

equally divided in rural urban population .Ratio of population in urban is 51% and 49% in rural area as per 2011 census (<https://www.censuindia2011.com>) Cross Tabulation and chi square test is used to find out the impact of Socio economic variables on the consumption.

Descriptive statistics

Descriptive analysis was conducted to understand the demography of the population. The sample comprises of 48% of female and 52% of male respondents. The sample were well educated as 48.4% has their degree in UG, PG or in Ph.D. and 35.2% sample were high school and intermediate education (refer Table 1). The average age of the sample was 44. According to age groups, highest number of respondents belongs to the 39-48 with 47% followed by age group 49-58 (25.8%), age group 29-38 (10.4%). In terms of occupation, most of the respondents were Self-employed (43%) followed by Agriculture (28.2%), Government jobs (14.8%) and Private jobs (14%). Thus, the respondents were selected from varied age, education and occupation. Respondents are representatives of their respective households. Hence the samples were exhaustive enough for fulfilling the objective of the study.

Socio Economic Profile

Socio economic profile of respondents was evaluated by analysing their living style, income and type of family refer Table shown below. The sample constituted of 250 urban and 250 rural respondents respectively. 28% respondents earning less than 3 lakhs followed by 46.8% respondents were in income range 3 lakh to 7 lakh. More than half of the respondents were residing in Nuclear family (66.8%) and only 33% were residing in Joint family. The sample constituted of 45% respondents having family members ranging from 3 to 5 in numbers.

Socio Economic profile

Characteristics	Category	Frequency	%
Residence	Rural	250	50
	Urban	250	50
Income	Rs 3,00,000 or less	259	28
	Rs 3,00,001-Rs 7,00,000	234	46.8
	Rs 7,00,000 and More	7	1.4
Family Type	Joint	166	33.2
	Nuclear	334	66.8
Total Members in Family	0 to 2	18	3.6
	3 to 5	228	45.6
	6 to 8	180	36
	Above 8	74	14.8
House Facility	Own	449	89.8
	Rental	51	10.2
Source of Energy & Light	Kerosene	12	2.3
	Solar	53	10.3
	Electricity	448	87.3
Availability of drinking water	R.O. Water Facility	188	33.3
	Simple Municipal Supply	148	26.2
	Personal Submersible	149	26.4
	Well/ Hand pump	80	14.2
	Wood/ Cow dung	64	11.7
	Coal/ Kerosene Oil	14	2.6
Source of Cooking	L.P.G	348	63.6
	Gober Gas	65	11.9
	Induction cooktop/ microwave	56	10.2

Consumption Basket

Consumption basket refers to a fixed set of consumer products and services whose price is evaluated on a regular basis often monthly or annually. The goods in the basket are meant to be representative of consumption in the economy and are adjusted periodically to account for the changes in consumer habits. Based on consumption basket used by NSSO, researcher composed a consumer basket including a) Food items like cereals, pulses, dairy products, edible oil etc., b) Fruits and Vegetables c) Health Food like protein, vitamin supplements, low calorie food etc. d) Transport and Fuel expenses e) Apparel and footwear f) Education Expenses g) Medical expenses g) Insurance h) Telephone/Mobile phone expenses.

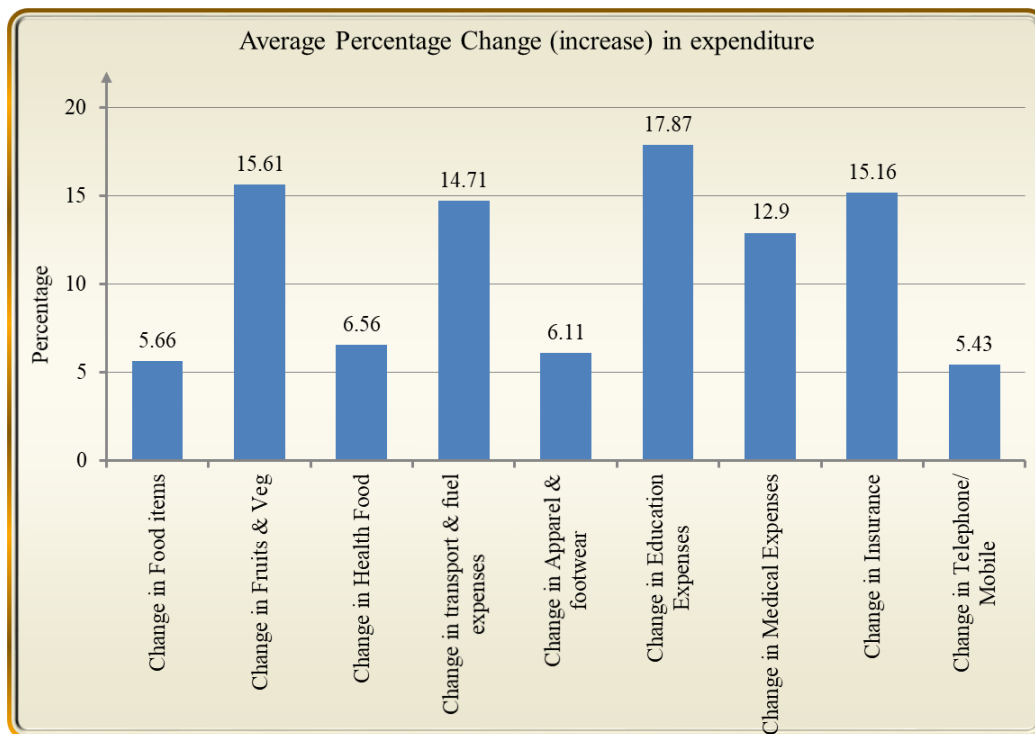
Changes in consumer preferences

The changes in the expenditure of consumers were measured from different items for five years i.e. between 2015-16 to 2019-20. Consumers reported change in percentage. A positive number represents increase while negative number represents decrease in expenditure. The

summary is presented in table 1. Highest increase was noticed in education (17.87%) followed by Insurance (15.16%) and Transport and fuel expenses (14.71%). The increase in expenditure on food items (5.66%) and mobile was lowest (5.43%) followed by apparel and footwear (6.11%), health food items like low calorie food, food supplements etc. (6.56%).

Table 1: Change in consumer expenditure

Category	Average Percentage Change (increase) in expenditure
Change in Food items	5.66%
Change in Fruits & Veg	15.61%
Change in Health Food	6.56%
Change in transport & fuel expenses	14.71%
Change in Apparel & footwear	6.11%
Change in Education Expenses	17.87%
Change in Medical Expenses	12.90%
Change in Insurance	15.16%
Change in Telephone/ Mobile	5.43%



Average Percentage Change (increase) in expenditure

The data shows that consumers are spending more on education, fruits and vegetables, insurance & transport and fuel expenses. It means they are becoming more aware about their health and education.

Inferential Statistics: Testing of Hypothesis

H01: There is no significant impact of socio-economic profile of the households on consumption pattern.

H11: There is significant impact of socio-economic profile of the households on consumption pattern.

To test this hypothesis, Cross tabulation and Chi square test was done (refer Table below). As per the results shown in the following table, we can conclude that consumption expenditure is significantly impacted by income ($p = 0.000$), family size ($p = 0.002$) and occupation ($p = 0.000$) but not education ($p = 0.236$).

Testing of hypothesis

Socio-Economic variable	Chi square	P value	Result
Income	217.110	0.000	Reject Null hypothesis
Family Size	218.682	0.002	Reject Null hypothesis
Occupation	398.583	0.000	Reject Null hypothesis
Education	756.102	0.236	Fail to reject Null hypothesis

Conclusively it can be said that Income, Family Size, Occupation have significant impact on consumption pattern/ consume behaviour as P value is less than 0.05. Education does not have significant impact on consumer behaviour as P value is more than 0.05 (Kothari, 2014) [6]. It means less educated people have the same instinct to purchase new products. The reasons is that everyone has exposure to

social media and internet. Social Media is open for all i.e. illiterate, less educated and highly educated. Though expenses on education have increased but education can change liking (choice) of consumers not the quantity of consumption. People are influenced by advertisements and promotions and change their consumption pattern accordingly.

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