

Demographics and Purchase Behaviour of Greater Suburban Mumbai Millennials: A Study of Luxury and Lifestyle Apparel and Accessories

Desiree Gonsalves

Associate Professor and Research Scholar, Department of Commerce, St. Andrew's College, Mumbai

Abstract: *World over, marketers are recognizing the presence of young Indians, in control of their lives and newfound financial independence who believe in themselves, work hard for the money and do not shy away from spending it. This is the new Indian Millennial. Aged between 18 to 30 years, flush with hard earned money and ready to prove to himself and to others that he has arrived. They are part of the emerging markets and part of BRIC nations that marketers are focusing on as the new buyers of lifestyle and luxury. They are witnesses to a booming economy, a new digital world and are tech savvy. The young Indian woman of today is educated, earns her money and knows what she wants to splurge on. Gen Y, this new breed of buyers, are the unfathomable changing demographics of Indian consumers that luxury marketers are seeking to understand. They are aspirational buyers and feeling and looking good is a great motivator for indulging in lifestyle shopping. With a focus on Greater Suburban Mumbai and narrowing it down to the luxury apparel and accessory market, the study analyses purchase behaviour of this target audience. Do these young buyers prefer shopping at malls, stand-alone stores, shop overseas or being technology driven, find the online option a whole lot more convenient?*

Keywords: *Purchase Behaviour, Mumbai, Millennials, luxury apparel and accessories, malls, online shopping*

I. Introduction:

India is not new to luxury. From the time of ancient maharajas, the exposure to an exquisite lifestyle has been part of psyche of royalty. The rapidly improving Indian economy, with its growing affluence and new technology reining in a digital area has brought in the winds of change. World over, marketers are recognizing the presence of young Indians, in control of their lives and newfound financial independence who believe in themselves, work hard for the money and do not shy away from spending it. This is the new Indian Millennial. Aged between 18 to 30 years, flush with hard earned money and ready to prove to himself and others that he has arrived. They are Gen Y, part of the emerging markets and part of BRIC nations that marketers are focusing on as the new buyers of lifestyle and luxury.

UHNH: The Ultra High Net worth Indian Household

The ultra-high net worth households (UHNHs) in India, with assets of over 25 crores, have grown 17% in FY 2015. The Kotak Wealth Management's annual wealth report, Top of the Pyramid 2015 that analysed 12 cities reported opportunities in the e-commerce space that made for a rising population of young, super-rich Indians that have brought down the average age of UHNHs since nearly half of them were less than 40 years. Spending has increased, with lower inflation and interest rates and shopping was one of the main reasons for this group to fly overseas. The need for this, however, has changed with the proliferation of luxury brands and growing e-commerce. (Business Standard, 2015)

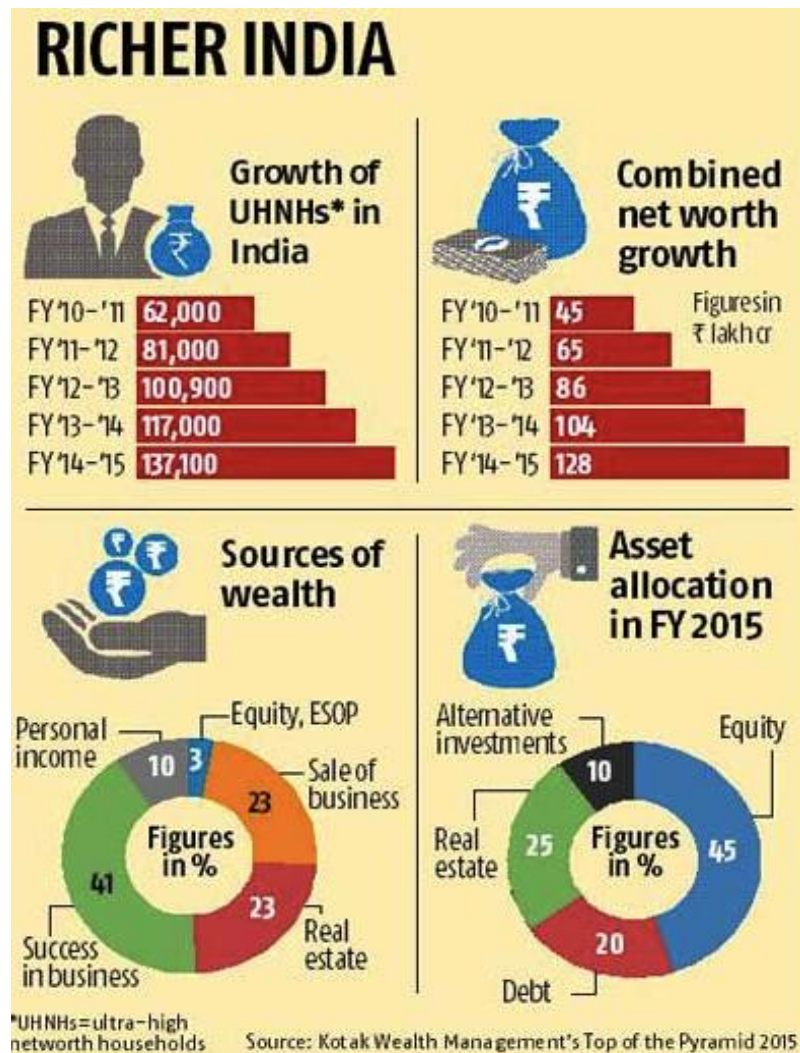


Figure 1: UHNH (Ultra High Networth Households) in India
Source: Kotak Wealth Management's Top of the Pyramid 2015

Young India and Marketers

40% of India's population to day is under age 35 and a million turn 18 every month. Somini Sengupta in her book "The End of Karma: Hope and Fury among India's young" looks at how young people are shaping the world's largest democracy. (Subramaniam, 2016) The author writes about a transformed India's economy in bloom, its cities abuzz and a fresh impatience of aspiration. India's young demographics present a huge opportunity for marketers. It has been credited to have the youngest and largest workforce. "A crucial part of long-term demand comes from the constantly growing younger population" said Parag Saxena, founder of New Silk Route, a \$1.4 billion global private equity firm. Dheeraj Sinha, chief strategy officer of Grey Worldwide, Southeast Asia, says that demographics play an increasingly important role as we can see young people being features in advertisements today- particularly to appeal to the younger crowd. He added that with 200 million people between ages 18 to 25 in India, manufacturers from fashion wear to motorcycles are targeting this group. It was a marketing myopia, he said, that was ignored for some time with marketers purely targeting middle class and middle-aged, but have now woken up to the younger consumer. (Harjani, 2012) India, compared to other BRIC nations, fares favourably with growth prospects. As seen below, India is poised to add 241 million people in the working-age group between the years 2010 and 2030, compared to Brazil's 18 million and China's 10 million, which makes for a very economically relevant variable in both absolute and relative terms. (Prabhudesai, 2010)

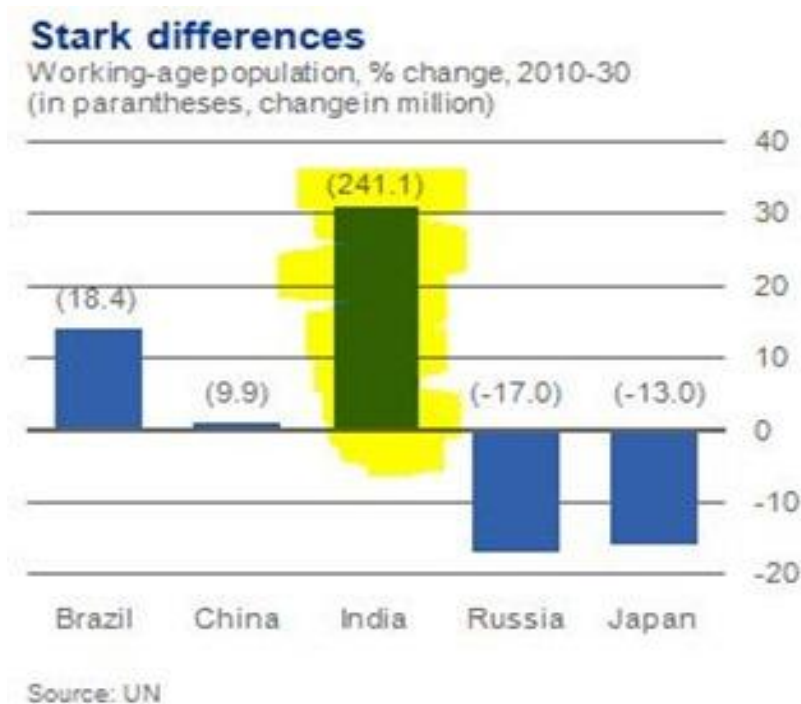


Figure 2: India's Working-age Population growth
Source: UN: *Trak.in: India's Young Population: Its biggest Asset*

Luxury in India: Delhi and Mumbai

The Indian luxury landscape has been growing at a compounded annual growth rate (CAGR) of around 25%. Luxury shopping is no longer the prerogative of the upper classes but has been largely 'democratised' with greater purchasing power amongst the middle classes. The new working woman spends on herself just as an upmarket brand quotes 'because she's worth it'. Digital Media has made these brands more accessible. Millennial buyers seek opinions from a network of friends and family and are influenced by social media. They are tech savvy and digital wallets have made payments even more convenient and secure.

55% of the total luxury market revenue is generated from India's metro cities as per the Kotak Wealth Report. (Gupta, 2016) Delhi and Mumbai continue to be the key markets for luxury goods in India though the growth of Tier 2 and 3 cities are on the rise. The mindset of both these major metro cities, however, differ; Delhi with its maharaja and mogul influences and Mumbai, the commercial hub, city of trade and travellers and more international influences. (Amar Nath, 2012) Though the Delhi NCR luxury market tops the list in terms of high potential, Mumbai is a close second followed by Bengaluru and Chennai.

Objectives Of The Study:

The objective of the study was to analyse the purchase behaviour of young 18 to 30 year old respondents from Greater Suburban Mumbai based on demographic factors, specifically Gender, Age, Monthly Income and Education. Thus, these demographic factors were considered as the Independent Variables. The purchase of luxury brands was limited to one specific segment of apparels and accessories. Purchase behaviour determined as the Dependent Variable, was interpreted as their buying behaviour in terms of place of purchase and device used for online purchase.

Hypothesis:

H₀ :There is no relationship between Gender, Age, Education, Occupation and Monthly Income on place of purchase of premium and luxury apparels and accessories of 18 to 30 year old Mumbai millennials.

H₁ :There is a relationship between Gender, Age, Education, Occupation and Monthly Income on place of purchase of premium and luxury apparels and accessories of 18 to 30 year old Mumbai millennials.

H₀ :There is no relationship between Gender, Age, Education, Occupation and Monthly Income and device used for online purchase of luxury apparels and accessories of 18 to 30 year old Mumbai millennials.

H₂: There is a relationship between Gender, Age, Education, Occupation and Monthly Income and device used for online purchase of luxury apparels and accessories of 18 to 30 year old Mumbai millennials.

II. Review Of Literature:

Luxury and New Luxury

Subjective and complex concept of luxury is primarily built on consumer perceptions, as the meaning of luxury is determined by personal and interpersonal motives (Vigneron & Johnson 2004). Due to different interactions on a personal and social level, consumers will develop different perceptions of luxury brands. Simply termed and very succinctly put, 'Luxury is whatever goes beyond what's needed' and then furthermore, meets a need 'in the display of status'. Thus, a luxury product can be considered as a multidimensional object, which was studied and analysed in academic research by economist (/management), sociologist as well as marketing experts. Marketing theories on luxury goods consumption and marketing emphasized on the relationships among luxury, income and culture.

There is not much city centric information available with regard to specific products in luxury and lifestyle. The study intends to analyse demographic-related data on a single category of luxury product in the Mumbai region.

Segments of Luxury

Luxury products are categorized into 9 segments:

Yachts, Private Jets, Luxury Cars, Designer Furniture, Fine Food, Luxury Wines and spirits, Luxury Cruises, Luxury Hospitality and Personal Luxury Goods.

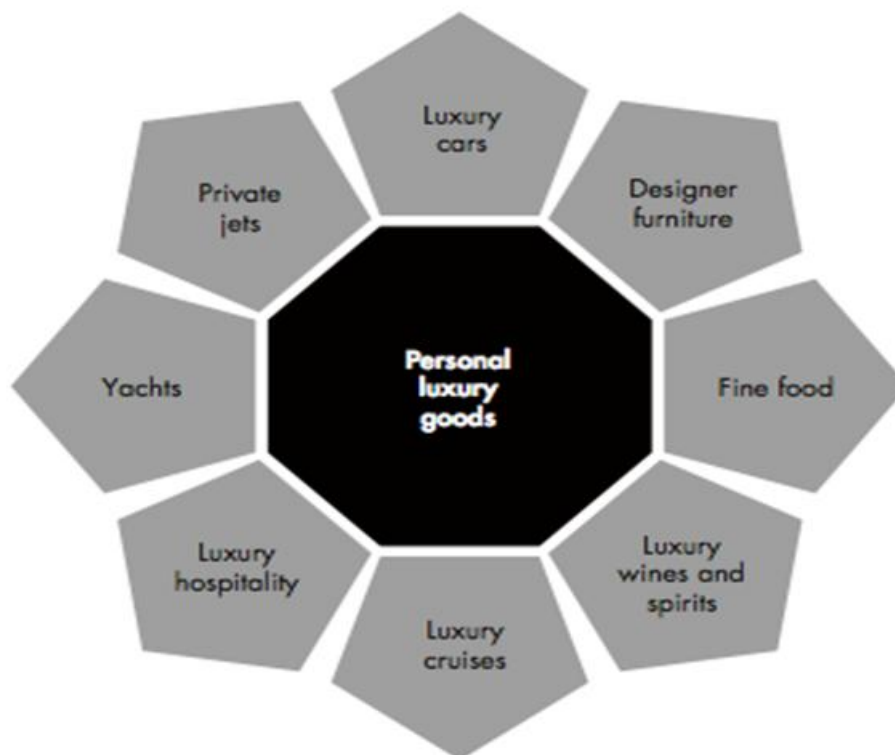


Figure 2: The 9 Segments of Luxury Products and Services

Source: Bain & Company(Vigneron & JohnsonL., 2004)

As per the categories seen above, research world over has indicated that the second fastest growing segment, after Luxury Cars has been Personal Luxury Goods. Luxury Cars with a high brand visibility, mature market and a developed distribution network coupled with advertising is the fastest growing category. Among the product categories too, Personal Goods, particularly leather goods and ready-to-wear have the greatest operating margins.(Ramesh, 2012)The Bain & Company's report put India's luxury market in the year 2013 at US\$6 billion, growing at 15% to 20% a year with the personal luxury goods segment valued at US\$1.5 billion. Luxury fashion in India is the second largest category of luxury product spending accounting for around \$1.5 billion in sales or 25% of the total market.

The focus of study is Gen Y or those in the age group of 18 to 30. The millennials are the new luxury consumers. They are younger, better informed and more exposed globally and hence more sophisticated. Purchasing of these brands has become aspirational as well a feel-good factor.

III. Research Methodology

The study was conducted with reference to secondary sources as well as using primary research through questionnaires sent out to 400 young men and women, age group of 18 to 30, from Greater Suburban Mumbai. The population of Greater Suburban Mumbai from the official website of Municipal Corporation of Greater Mumbai, as on April 2016 was 14 million (MCGM). Questions were listed to understand the reasons for purchase. From where they derive their knowledge on these brands, to the time spent on various media, their exposure to marketing communication from these brands which were measured using the 5 point Likert scale for agreeability. A non-probability, convenience sampling technique was used. The area of residences was also evaluated and a spread of respondents from various wards of Greater Suburban Mumbai, as analysed on their website, was taken.

Pilot Study

The pilot study was first conducted to test for accuracy and reliability. The questionnaire included demographic data. The questionnaire was sent out to 50 educated young men and women, classified as middle class and above, from Greater Suburban Mumbai. Measuring Reliability of Data with regard to the Pilot Test was measured through Cronbach Alpha, using SPSS 20.

Reliability statistics

CRONBACH'S ALPHA	N OF ITEMS
.869	58

Table 1: Cronbach Alpha Results on Pilot Study

As seen above, the Cronbach Alpha test for Reliability was 0.87 and an acceptable score. The coefficients for all factors ranged from 0.86 to 0.87 indicating a high level of internal consistency and expected correlation of all items pertaining to the construct. Thereafter, the final questionnaire was handed out to a total of 400 respondents mainly online, through a Google Doc questionnaire. This enabled collection more effectively and conveniently, since the sample size was taken from educated, urban 18 to 20 year olds from all parts of Greater Mumbai.

IV. Data Analysis And Findings

The survey was executed over a 5-month period and respondents did not necessarily have to have mandatorily bought a premium or luxury fashion wear purchase earlier so could have been a non-buyer. The purpose was to examine views on regular as well as infrequent buyers of these brands. The respondents were both men and women all in the age group of 18 to 30 years, which has further been broken down to 3 segments of 18 to 22 years, 23 to 26 years and 27 to 30 years for analysis purposes. SPSS 20 was used to analyse the data based on Frequency tables, cross tabulation of variables and chi square testing.

Variables

I) Independent Variable: Gender, Age, Education, Occupation and Monthly Income were taken as Independent Variables.

Descriptive Analysis: Frequency Tables for Independent Variables of *Gender/ Age / Education / Occupation / Monthly Income* and the Dependent Variables of *Place of Purchase* and *Online shopping method* are given below:

Gender:

A breakdown of respondents based on age indicated that 61% were women and 39%, men. The category of products being studied made it easier to get responses from the former category.

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	156	38.9	38.9	38.9
	Female	245	61.1	61.1	100.0
	Total	401	100.0	100.0	

Age:

The age group was youth from 18 to 30 years and divided into three categories ranging from 18 to 22 years of age, 23 to 26 years and 27 to 30 years. These comprised of approximately 25%, 39% and 36% of the respondents, consecutively.

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-22 years	155	38.7	38.7	38.7
	22-26 years	145	36.2	36.2	74.8
	27-30 years	101	25.2	25.2	100.0
	Total	401	100.0	100.0	

Education:

All respondents were educated and had either graduated or were currently pursuing a college degree. The majority of respondents were graduates and postgraduates with around 21% who were currently undergraduates in college.

Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	H Sc.	84	20.9	20.9	20.9
	Bachelor's Degree	157	39.2	39.2	60.1
	Post graduate diploma	56	14.0	14.0	74.1
	Masters Degree	101	25.2	25.2	99.3
	Other	3	.7	.7	100.0
	Total	401	100.0	100.0	

Occupation:

Almost 43% of respondents were students, with a little less than 1/3 rd of them working. The majority 41% was employed; around 15% were entrepreneurs or professionals.

Occupation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Student	133	33.2	33.2	33.2
	Working student	38	9.5	9.5	42.6
	Employed/Service	165	41.1	41.1	83.8
	Entrepreneur/Business	29	7.2	7.2	91.0
	Professional	30	7.5	7.5	98.5
	Homemaker	1	.2	.2	98.8
	Other	5	1.2	1.2	100.0
	Total	401	100.0	100.0	

‘Monthly Income:

While the biggest segment of 33% were students, not earning, 19% earned under Rs.25,000/- and the second largest number of respondents earned over Rs.50,000/- per month.

Monthly income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not yet earning	131	32.7	32.7	32.7
	Upto Rs. 25000	76	19.0	19.0	51.6
	Rs. 25000-Rs. 50000	89	22.2	22.2	73.8
	More than Rs. 50000	105	26.2	26.2	100.0
	Total	401	100.0	100.0	

II) Dependent Variable: Shopping behaviour, the Dependent Variable was interpreted through Place of purchase(Stand-alone high street store/Mall/5 star hotel/ overseas trip/ online) and gadget (laptop/tablet/mobile phone) used for Online shopping.

Place of Purchase:

As seen in the frequency table below, the majority of respondents bought their last fashion apparel and accessories from Malls. The second most popular place of purchase was from overseas trips. The online shopping platform was used by 12% and the least popular place of purchase for this group was 5 star hotels.

Place of purchase

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Stand alone high street store	39	9.7	9.8	9.8
	Mall	195	48.6	48.9	58.6
	5 star hotels	10	2.5	2.5	61.2
	Overseas trip	86	21.4	21.6	82.7
	Online	48	12.0	12.0	94.7
	Others	21	5.2	5.3	100.0
	Total	399	99.5	100.0	
Missing	System	2	.5		
Total		401	100.0		

Method of Ordering Online:

Most respondents ordered their online purchases via a Desktop/Laptop computer. A minority used a tablet as an ordering device.

If ordering online how do you order

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Desktop/ laptop	230	57.4	57.4	57.4
	Tablet/Ipad	27	6.7	6.7	64.1
	Mobile phone	144	35.9	35.9	100.0
	Total	401	100.0	100.0	

Crosstabulation And Chi Square Testsing

The chi-square test is a statistical tool that examines differences with categorical variables and estimates how closely an observed distribution matches the expected distribution. It is a non-parametric test and also helps to estimate whether two random variables are independent or not. It can be used most appropriately to test the significance of association between two attributes among demographic variables and Likert scale variables. The results are interpreted by comparing the P-Value to the 'significance level' and the null hypothesis is rejected when the P-Value is less than the significance level. For this analysis, the significance level is 0.05 Crosstabulation of Independent variables with the Dependent Variables revealed the following:

Place of Purchase:

H₁: There was a correlation between Gender, $X^2(5,N=399) 23.17, p=.00$, Age $X^2(10,N=399) 25.56, p=.00$ and Monthly Income $X^2(15,N=399) 39.66, p=.00$ with the Place of purchase, Thus the Null hypothesis was rejected in the above cases.

Chi-Square Tests : Gender/ Place of Purchase

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	23.169 ^a	5	.000
Likelihood Ratio	22.782	5	.000
Linear-by-Linear Association	.019	1	.889
N of Valid Cases	399		

Chi-Square Tests: Age/Place of Purchase

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	25.561 ^a	10	.004
Likelihood Ratio	25.085	10	.005
Linear-by-Linear Association	3.967	1	.046
N of Valid Cases	399		

Chi-Square Tests: Monthly Income/ Place of Purchase

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	39.662 ^a	15	.001
Likelihood Ratio	38.631	15	.001
Linear-by-Linear Association	.079	1	.779
N of Valid Cases	399		

No correlation existed between Education, Occupation and Place of Purchase, hence the Null Hypothesis was accepted in this case.

Method of Ordering Online

H₂: There was a correlation between Age, $X^2(4, N=401) 23.02, p=.00$ Monthly Income $X^2(6, N=401) 14.06, p=.03$ and Method of ordering Online.

The Null Hypothesis was rejected.

Chi-Square Tests: Age / Online ordering method

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	23.021 ^a	4	.000
Likelihood Ratio	22.292	4	.000
Linear-by-Linear Association	7.086	1	.008
N of Valid Cases	401		

Chi-Square Tests : Monthly Income /Online ordering method

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.056 ^a	6	.029
Likelihood Ratio	14.578	6	.024
Linear-by-Linear Association	4.736	1	.030
N of Valid Cases	401		

There was no correlation between Gender, Education, Occupation, Monthly Income and Method of ordering Online. The Null Hypothesis was accepted.

V. Findings and Conclusion

Though this study is limited to Mumbai and particularly the fashion apparel and accessories segment, it provides valuable insights to marketers of these brands that are now targeting the new big spenders. Understanding their mindset and buying behaviour will help strategise marketing plans, use appropriate media for better traction and appropriately design for the right media platforms popular with Gen Y.

1) **Men and women** in the age group of 18 to 30 differ in their shopping habits with regards to the place of purchase. Though the majority of both patronized malls, an analysis of frequency tables indicated that 19% of men were the greater online shoppers compared to 7% of women. 25% of women in this group shopped on overseas trips compared to 17% men. Stand-alone high street stores, however, were patronised more by men (15%) than women (7%). 5 star locations were the least preferred shopping destinations. Devices used for online shopping, however, did not differ based on gender.

2) **Age** was a relevant factor in this decision with 54% of younger age groups of 18 to 22 year olds patronising malls compared to just 40% of 26 to 30 year olds. The trend was reverse with high street stand-alone stores with 4% of the former group saying they last shopped there and 19% of 26 to 30 year olds saying the same. The numbers that bought these brands on overseas trips and 5 star locations also went up with higher age groups, from 19% to 24% in the former case and 1% to 5% in the latter. Online shopping figures were highest at 16 % for 18 to 22 years olds compared to 10% in both the older categories.

Devices used for Online shopping, also differed greatly with age. 47% of 18 to 22 year olds used mobile phones to place online orders compared to fewer than 30% of older groups. The use of tablets as an ordering device went up from 3% in the youngest bracket to 6% of the older lot and 14% of the oldest group of 27 to 30 years. Laptops were the most popular for all ages with more than 50% of all categories saying that's how they normally order.

3) **Their monthly earnings** also determine where they predominantly shop. Younger age groups preferred malls where 52 to 56% of those earning under Rs. 50,000/- per month last bought there, compared to 335 of those

earning above that. As monthly earnings increased the numbers of those that bought from stand-alone stores also went up from 7% of all those earning under Rs.50,000/- making their last purchase her compared to 18% of those earning higher.

For online purchases, using a laptop or desktop was most popular in all categories, but usage of this device as well as tablets/iPads, increased with earning capacity from 3% to 11% across the groups. Contrarily, using mobile phones was more popular with lower incomes, with an average of 40% non-earners and those earning less than Rs.50,000/- claiming to do so compared to only 24% of high earners who said the same.

In conclusion, the study believes that demographic data on young buyers could lead marketers to perceptive differences in the shopping habits of Mumbai's Gen Y. It would also help brands strategise their store locations. It would also enable designing advertising for the ideal media platform that is being accessed by this new untapped potential fashion conscious market.

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