

Chapter - I

Introduction

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1.1 Introduction to Market Segmentation

The concept of market segmentation was first introduced by Wendell R Smith (1956). According to him market segmentation involved viewing heterogeneous market as a smaller number of homogenous markets, in response to differing preferences, attributable to the desire of consumers for more precise satisfaction to their varying wants. Thus a market segment consist of a group of customers who share a similar set of want (Kotlar,2003).

It did not take a long time for the term ‘Segmentation’ to become one of the much discussed concepts of marketing. Market segmentation is an essential element of marketing in industrialized countries and market segmentation research may be one of the richest areas in marketing science in terms of scientific advancement and development of methodology (Wedel and Kamakura, 1999). If properly applied, market segmentation would guide companies in tailoring their product and service offerings to the groups which are most likely to purchase them. (Yenkelovich and Meer, 2006)

In order to identify market segment, several approaches may be adopted. One of the most common ways of segmentation is through demographics. That is, the method of segmenting on the basis of variables like age, gender, education, income and other such characteristics of human beings. These variables are directly measurable and information regarding these variables can easily be collected from municipal or government registers.

But segmentation with flat demographic data lacks in effectiveness. It is due to the reason that the choice of consumption depends mostly on non-demographic terms. Kotler & Keller, (2003) in their book of Marketing Management furnished an example of Ford Motor Company, where the company designed Mustang automobile to appeal to young people who wanted inexpensive sports car. But it was found that many Mustangs were purchased by older buyers. Therefore it

was then realised that, the target market was not chronologically young but they were psychologically young. Such examples are abundant in marketing.

Demographic segmentations provide information about the people who purchased a product. That is, information about their age, gender, education, income and social status. But it fail to answer, why a group of people prefer same type of product and services. It also cannot explain about what are the causes behind such buying behaviour.

Meaningful segmentation depends on finding patterns of customer's actual buying behaviour (Yenkelovich and Meer, 2006). Psychographic research primarily allows us to understand why consumers behave the way they do (Schiffman, Kanuk, 2001). Thus in order to understand customer, psychographic information can put flesh into demographic bones (Wells, 1975). Psychographic segmentation helps marketer understand buying behaviour better and to design more effective communication programs through understanding of lifestyle, interest, activities, opinion, personalities, attitudes and values.

1.2 Research Context

Situated in the bank of river Barak, Silchar is the main town of Cachar District. It is 343 kilometres south east from the capital city of Assam, Guwahati. Population and municipal area wise it is the second-largest city of the state Assam (Wikipedia,2016) and have very high population density (10,447.7 individuals per square Kilometre) as per 2011 census by Government of India. (Citypopulation, 2017).

Main industries in Silchar and nearby area are agriculture and forest based. Around 100 Tea Estates and Hindusthan Paper Mill (a govt. of India enterprise) at Panchgram are the major industries of Barak valley. Silchar is connected by rail, road, water and air transport.

The city Silchar is host of many of the government offices. Apart from Court, Deputy Commissioner's office, Treasury, Income Tax, Customs and Central Excise, Central Jail, Army Cantonments, and many other administrative offices. Agriculture, Sericulture, Fishery Departments, Khadi and Village industries,

Doordarshan and All India Radio (A.I.R), are some of the government based major offices in Silchar.

Renowned higher and technical educational institutes like Assam University (Central University), Silchar Medical College, National Institute of technology, Polytechnique, Assam Agricultural University managed Village level Extension Worker training centre, Industrial training Institution and A.K. Chanda Law College are situated in Silchar.

Silchar Medical College, Cancer Hospital, Civil Hospital, Sundari Mohan Seva Bhawan, Lions Eye Hospital, Silchar Red-Cross Hospital and many other private hospitals and nursing homes attract people from adjacent states and foreign country Bangladesh for treatment, which makes Silchar the hub of health care and hospitality.

Ramanuj Gupta Junior College, East Silchar Junior College, Guru Charan College, Cahar College, Women's College, Radhamadhab College, Silchar College of Arts and Commerce, Hemangini Dey memorial Jr. College, Aryan Junior College of Science, Lalit Jain Junior College of Commerce, Vivekananda Junior College and Lalit Jain Commerce College Maharishi Vidya Mandir Higher Secondary School, Holy Cross Higher Secondary School, Adhar Chand Higher Secondary School, Don Bosco Higher Secondary School, Narsing Higher Secondary School, Govt. Boys Higher Secondary School are prominent colleges of Silchar. These are colleges which offer higher secondary courses in arts, science and commerce streams.

Urbanisation and business in Silchar is in growing phase. Major retail chains of India like Future group's Big Bazar, Vishal, Pentaloons, Reliance Retails, Metro bazar have established their shops. There are also western Fast Food Chains as KFC, Pizza Hut and Domino's. It also has Multiplex movie halls. The wholesale and retail markets of Silchar attract not only consumers and businessmen from nearby districts but also from neighbouring States.

People of Silchar are known to be peaceful and friendly. Major residents of Silchar are Bengalis, who speak the Sylheti dialect. There are also a number of other language speaking people, who are Bihari, Bishnupriya, Manipuri, Dimasa Kachari, Marwaris, Nepalis, Assamese and some tribal groups like

Nagas form Nagaland, Mizos from Mizoram. Hence, due the presence of such variation within the population the research on psychographic market segmentation will be very effective.

1.3 Review of Literature

The scholars and corporate throughout the world have conducted many surveys and investigations to understand and map the psychographic pattern of customers and its impact over the purchasing preferences. Study has been carried out to try and understand correlation between social class, income and buying behaviour (**Slocum and Mathews, 1970**); Social class and life style as predictor of shopping behaviour (**Rich and Jain, 1968**). Studies has also being carried out to understand importance of life status and consumer preference (**Anderson 1984**), and the importance of consumer behaviour and cultural values (**Henry 1976**). There are also studies relating to the influence of the reference group on consumer brand purchase (**Stafford 1966**) and on the influence of the reference group on product and brand purchase (**Beardon and Etzel 1982**). There are also studies like impact of role of sex on purchase decision (**Qualls 1987**) on working wives and expenditure on service (**Bellanti and Foster 1984**). Identification, attitudinal and demographic questions frame nine lifestyle types to categorize American consumers (**Mitchell, 1978**). Other set of studies addressed to heterogeneity between senior citizen market (**Day et al., 1987**); and understanding the profile of the women in the USA, UK and France (**Doughalas and Urban, 1997**).

Few prominent studies in the Indian context are: Interrelationship between religiosity, cast prejudices and conservatism lifestyle among four major faith groups: Hinduism, Islam, Sikh and Christianity. This Study was carried out in New Delhi (**Kapoor, 1985**); National Council of Applied Economic Research (NCAER) mapped ownership and purchasing patterns of consumer durable and non-durable products and grouped Indian population into five major groups based on real disposable income and the ownership of the durables and consumption of non-durable (**Rao and Natarajan, 1996**); linkage between ownership of two wheelers and the behaviour of their owners (**Kapur, 1995**); brand association of Denim brands with life style attributes by Chatterjee (1995)

understanding of changes in personality traits, family relationship, personal goals, and attitudes towards advertising and favoured products among Indian consumers aged between 15-45 years by (**Chatterjee,1995**). Another study carried out to identify similar lifestyle segments based on classification of status symbol. The study surveyed 623 respondents in top four metropolitan centres in the country with at least one car in their disposal (**Shirali & Singh, 1997**). Studies also conducted to understand psychographic profile of customers of newspapers in India (**Anandan et al., 2006**) and psychographic segmentation of Indian Urban customers (**Kumar & Sarkar, 2008**). **Goswami (2007)** studied the effects of psychographics on the frequency of purchase of college goers of Kolkata. **Kapur (1995)** studied the behaviour of two wheeler owners and **Chatterjee (1995)** studied lifestyle attributes of Denim brand users. **Kumar (2013)** used psychographic tools to study the attitude of consumers towards durables. **Sarmah (2014)** studied retail business in Silchar, **Pegu (2014)** researched the fashion and trend related behaviour of College goers in Silchar.

The above literature review shows that till date there is no study that examines the dynamics and contrast of psychographic details of youths in a fast progressing small city of North East India and especially about the youths, those who are the future consumers and a determining factor of current and future market.

1.4 Research Gap & Relevance of the Study

The study shows a picture of psychographic profile of the most enthusiastic buyers of a non-metro city. The main aim of the study is to identify the psychographic profile among the 'would be' targeted group identified in the study and their 'would be' buying behaviour. No such study has been ever conducted in Silchar, Assam. This study is going to project the future market and consumption habits of the people of Silchar, Assam.

The study helps in understanding the lifestyle pattern of the youth of Silchar and the impact over marketing of products and services. This study tries to examine the pattern and changes of psychographic data of two different age and occupancy groups and will try to explain how or why the transition takes place

from one stage of psychographics to another. This study, thus, will help in future exploration of professional benefits in academic and commercial activities; beneficial to policy makers and corporate sector those willing to launch products & services at similar non metro cities.

1.5 Objectives of the Study

The study has tried to fulfil the following set of objectives:

- 1) To find out psychographic profile of junior college students of Silchar, Assam.
- 2) To find out psychographic profile of youths in their initial phase of employment in Silchar, Assam.
- 3) To find out similarities and dissimilarities of psychographic profile of the two categories of youth in Silchar, Assam.
- 4) To find out the factors contributing to the differences in psychographics among the two categories of youth in Silchar, Assam.
- 5) To generalise over the psychographic characteristics and their differences of the two categories of youth in Silchar, Assam.
- 6) To assess the business prospects with the help of psychographics of the two categories of youth in Silchar, Assam.

1.6 Hypotheses

The following hypotheses are to be tested:

H₀₁: There is no significant difference between the psychographic profiles of the two categories of youth in Silchar, Assam.

H₀₂: There is no significant impact of differences in psychographic profile of the two categories of youth on the business prospects in Silchar, Assam.

1.7 Limitations of Study

Although the research could fulfil major objectives yet there may be some unavoidable limitations. Firstly the study is confined to only one city, Silchar. It could have been much better if other cities were also considered. However, the study may be a model for such small and developing cities and cities with mix-demographic population.

Secondly, claiming generalisation of the findings is difficult due to non-probability, sample of judgement. Therefore, increasing the number of this type of studies may enhance the generalizability of our findings.

There may be different and better opinion about choice of questions and other instruments selection, method of coding of psychographic characteristics. Different methods of clustering may lead to different results. Further, there may be some other opinions about better use of grammar, punctuation, word choice, use of language, organisation of logical presentation etcetera.

Though, the study has certain limitation, but makes sufficient level of evidence for understanding the psychographics of the youths of the non-metro cities. Hence, it can be taken as model for further studies especially in the field of psychographics of the youths.

1.8 Chapter Planning

The chapters are structured in logical and sequential manner, current chapter introduces briefly about subject, context and purpose of study. **Chapter - II** elucidate conceptual framework and methodology of study. **Chapter-III** discusses about psychographic profile of junior college students of Silchar. **Chapter - IV** elucidate psychographic profile of initially employed person of Silchar. **Chapter - V** compares psychographics of Junior College Students and Initially Employed youth in Silchar. **Chapter -VI** assesses business prospects in Silchar with the help of psychographics. And to conclude **Chapter - VII** hosts general discussion and conclusion.