

IMPACT OF LIFESTYLE ON CONSUMER DECISION PROCESS

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ABSTRACT

With the recent economic growth in India, a new generation of consumers is continuously emerging, placing greater importance on lifestyle. Lifestyle has undergone significant changes over the last few decades and is considered a personal variable that influences the buyer decision process. It is a fundamental concept for understanding consumer behavior, encompassing characteristics that are more dynamic than personality and broader than personal values. Lifestyle has a significant positive influence on purchase decisions. Moreover, marketing stimuli and personal values also have a considerable positive impact on purchase decisions and brand selection.

The purpose of this study is to examine the influence of lifestyle on the consumer decision-making process. To identify the factors affecting consumers' lifestyles, factor analysis was employed. The study's hypothesis indicates that lifestyle positively impacts the consumer decision-making process. The findings highlight the factors that determine customers' choice of retail formats, helping to identify key influential factors that shape customer preferences and satisfaction levels. These insights can effectively improve consumers' purchasing behavior.

The outcomes of the present study are expected to assist businesses in refining their existing marketing strategies, attracting new customers, and retaining existing ones. Furthermore, the study helps identify major constraints and their impact on purchasing patterns, aligning them with consumers' lifestyles and decision-making processes. These findings are beneficial not only for customers but also for firms aiming to optimize their marketing and operational strategies.

Key Words: Consumer Behavior, Lifestyle and Buying Decisions, Retail Selection, Marketing Stimuli and Consumer Choices, Personal Values in Purchasing Behavior, Impact of Lifestyle on Brand Selection, Consumer Decision-Making Process, Marketing Strategies and Consumer Preferences, Shopping Behavior and Lifestyle Trends.

JEL Classification: M30, M3, D11, D12, L81, M37, M39.

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Introduction

Lifestyle represents a way of living, expressed through actions and behaviors in various contexts such as workplaces and social gatherings. It encompasses patterns of activities, attitudes, interests, opinions, values, and income allocation, both on an individual and group level.

Lazer conceptualized lifestyle as a system—a distinctive way of living—and this idea was soon adopted in marketing to better understand consumer behavior. Plummer (1974) highlighted its significance, stating, “the more you know and understand about consumers, the more effectively you can communicate and market to them.”

Over time, the concept of lifestyle gained prominence as a research tool for exploring values and behaviors, becoming a standard in marketing and social sciences. Studies on lifestyle and consumer behavior have delved into their interrelationship, revealing how lifestyle can serve as a powerful segmentation tool. By classifying consumers based on lifestyle characteristics, marketers can identify distinct segments with specific traits, enabling targeted strategies.

Harold W. Berkman and Christopher Gilson defined lifestyle as "unified patterns of behavior," which both shape and are shaped by consumption. These patterns encompass behaviors in the broadest sense, offering a comprehensive framework for understanding consumer choices and preferences.

Lifestyle and Its Influence on Consumer Behavior

Lifestyle is an integrated system that encompasses a person's attitudes, values, interests, opinions, and behaviors. It serves as a critical lens to analyze complex consumer buying behaviors and helps businesses identify and predict customer preferences. From a business perspective, understanding lifestyle is essential for capturing and retaining customers, as it reflects how individuals allocate their time and financial resources.

The lifestyle segmentation technique has proven valuable for advertising and marketing planning (Kaynak and Kara, 1996). Lifestyle embodies an individual's self-concept, shaped by past experiences, inherent traits, and external surroundings (Hawkins, Best, and Coney, 2000). Research has shown that lifestyles often reveal cultural influences, value systems, and personality traits. For example, Wells and Krensky (1996) demonstrated how individuals express their values through activities, interests, and opinions. Additionally, lifestyle is influenced by surroundings, culture, and social life, creating a personalized framework unique to each individual (Blackwell, Miniard, and Engel, 2005).

In the Indian context, lifestyle is significantly shaped by family, education, culture, and societal norms. A study by Krishnan and Jayasree (2011) highlighted the critical relationship between consumers' lifestyles and their preferences for specific brands and products. India, as one of the fastest-growing economies (The Hindu, Dec 2019), has undergone substantial changes in consumer lifestyles. These shifts are driven by geo-demographics, socio-cultural factors, psychographics, preferences, and behavioral norms.

The evolving aspirations of young Indian consumers present tremendous opportunities for marketers and organizations. Adapting products to align with individual lifestyles can significantly impact the consumer buying process. For instance, Joseph and Singh (2013) emphasize the importance of examining the role of lifestyle in purchase decisions, particularly in a rapidly transforming market like India.

Today, Indian consumers increasingly seek luxury and comfort, creating new dynamics for product-oriented, price-oriented, and brand-oriented purchasing behaviors. This research focuses on understanding how these lifestyle dimensions influence purchase decisions, providing valuable insights for businesses aiming to succeed in a competitive and diverse marketplace.

Consumer Behavior

Consumer behavior is the study of how individuals, groups, or organizations select and purchase products or services to satisfy their needs and wants. It examines the actions

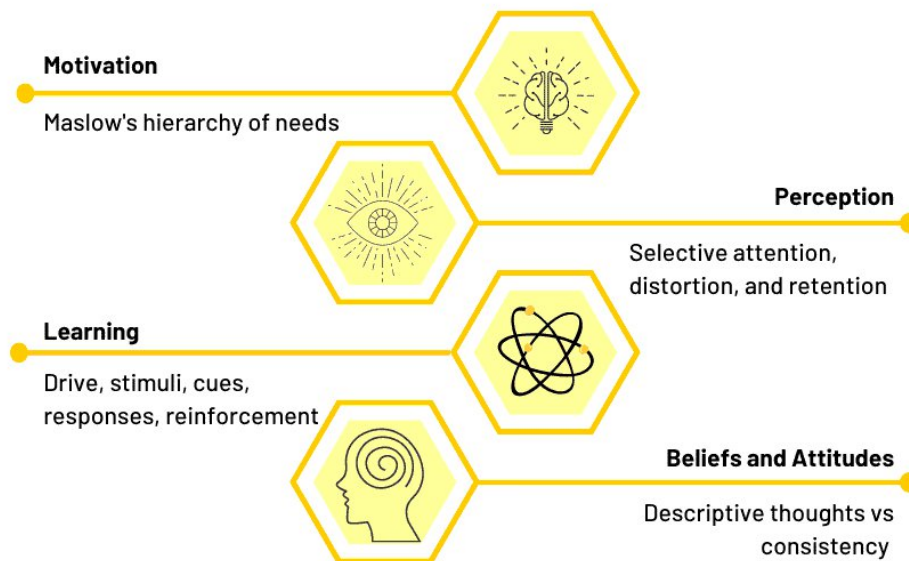
consumers take before making a buying decision, as well as their reactions after becoming aware of a particular product.

This process is influenced by a range of factors, including purchasing power, income, gender, cultural influences, preferences, and personal circumstances. Understanding these factors is essential for businesses to anticipate consumer needs and develop effective marketing strategies.

Factors That Influence Consumer Buying Behavior and Lifestyle

1. Psychological Factors

Psychological influences on consumer behavior



a) Motivation

Motivation refers to the internal stimuli that compel a consumer to take action, such as purchasing a product. For instance, someone might buy a luxury wristwatch to fulfill a need for status or self-esteem, aligning with Maslow's hierarchy of needs at the fourth level (esteem needs).

b) Perception

Perception is how consumers interpret information about products and services presented by companies. It involves selecting, organizing, and interpreting sensory inputs to form an understanding or opinion about a product.

c) Learning

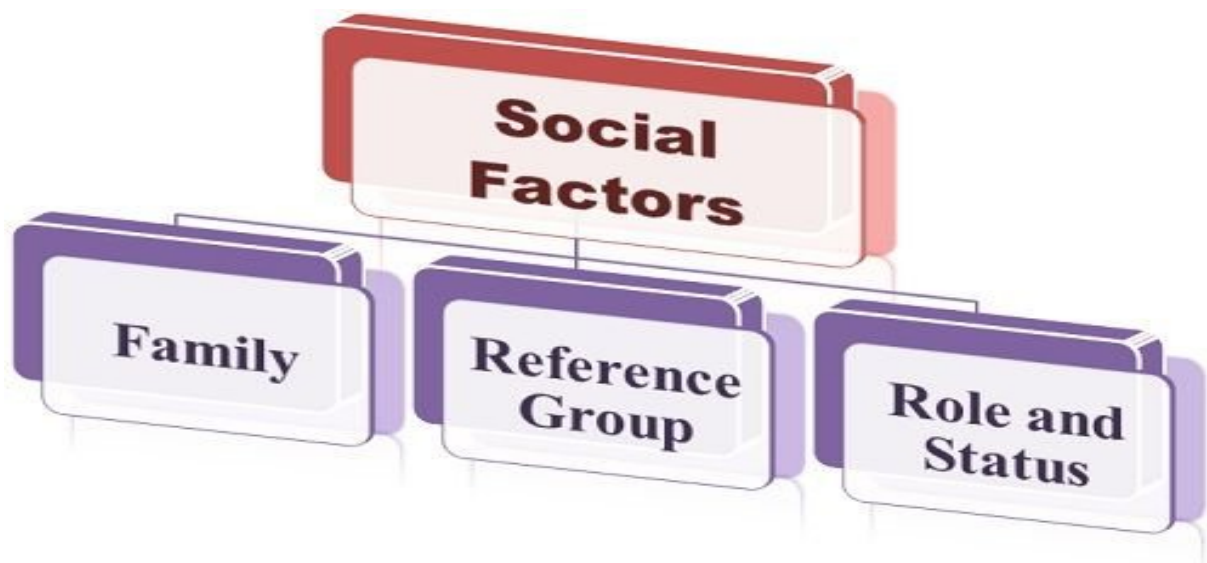
Learning describes how consumers acquire knowledge through personal experience or external factors, such as word-of-mouth recommendations. For example, a customer might choose a particular face cream based on a friend's recommendation or their own positive experience.

d) Attitudes and Beliefs

Attitudes and beliefs develop over time as consumers form personal trust or preferences for certain products or brands. For example, a consumer might favor herbal products due to their belief in their health and well-being benefits.

2. Social Factors**a) Family**

Family members play a significant role in influencing buying decisions. Their needs, safety concerns, and comfort often dictate the choices consumers make. For example, parents might purchase a television that minimizes strain on children's eyesight, prioritizing their well-being.



b) Reference Groups

Reference groups are people or entities a person looks to for validation, inspiration, or approval. These groups can include friends, peers, or even celebrities. They act as benchmarks and influence buying decisions. For instance, if a celebrity endorses a product, their fans are likely to feel encouraged to purchase it.

c) Roles & Status

A person's role within their family, social circle, or professional life can shape their purchasing behavior. For instance, a doctor might prefer luxury cars as a symbol of their success, while a manager might opt for formal attire to reflect their professional standing.

3. Cultural Factors

a) Culture

Culture is the most fundamental determinant of a person's wants and behavior. It establishes basic behavioral patterns, perceptions, values, and choices through the process of socialization. Culture is a learned behavior and plays a crucial role in shaping how individuals consume products.



b) **S u b - C u l t u r e**

Within every culture, there are smaller groups known as sub-cultures that provide more specific identification and socialization for their members. These groups may share common beliefs, values, or traditions based on factors such as religion, age, gender, or geographical location. For instance, Hindus consider eating beef a sin, while it is commonly consumed and relished by many Muslims and Christians.

c) **Social Class**

Social class significantly influences consumer preferences. People from higher social classes tend to favor luxury goods, while middle and lower classes are generally more price-sensitive and prioritize affordability over luxury.

4. **Economic Factors**a) **Personal Income**

Personal income directly impacts a person's buying behavior. A key component to consider is disposable income—the amount of income left after taxes. Higher disposable income leads to increased spending on comfort and luxury goods, while lower disposable income results in more conservative purchasing habits focused on necessities.

b) **Family Income**

Family income refers to the combined income of all family members. It plays a crucial role in influencing a family's purchasing decisions. After covering basic necessities, the remaining income can be allocated toward shopping goods, luxury items, or durable goods.

c) **Income Expectations**

Income expectations relate to the anticipated future earnings of an individual. If a person expects their income to rise, they are more likely to spend on comforts and luxuries. Conversely, if they anticipate a decline in income, their spending will focus on necessities and savings.

d) **Consumer Credit**

The availability of credit significantly influences consumer behavior. In economies with liberal credit policies, consumers tend to spend more on durable and luxury goods, relying on loans or installment options. Banks and financial institutions play a key role in providing this credit.

e) **Liquid Assets**

Liquid assets are assets that can be quickly converted into cash. Consumers with more liquid assets are likely to spend more on luxury items. In contrast, consumers with fewer liquid assets prioritize essential and affordable goods.



f) **Savings**

Savings have an inverse relationship with consumption. Consumers who prioritize saving a larger portion of their income tend to spend less on shopping and luxury goods. On the other hand, those with a lower tendency to save are more inclined to allocate their income toward fulfilling luxury demands.

Conclusion

- a) The research findings indicate that lifestyle has a positive influence on product purchase decisions. This study aims to understand the lifestyle of consumers and the factors influencing it, from which several theoretical implications can be drawn. The results can assist marketers in broadening the scope of their marketing strategies, emphasizing the impact of various variables while developing promotional

campaigns. This, in turn, can enhance product performance in the market and foster a closer connection with consumers.

- b) It is evident from the study that consumers value lifestyle, and their product choices often reflect their lifestyle preferences. The relationship between lifestyle and various influencing factors helps marketers develop customer personas and create products that cater to specific lifestyles. Consumers choose brands that align with their way of life, using these brands as a means to communicate their lifestyle. Thus, the purchase of brands is heavily influenced by lifestyle.
- c) The findings suggest that product appearance and lifestyle compatibility positively influence purchasing decisions. By creating a unique experience for customers, brands can foster emotional connections, leading to repeated purchases. This connection, built around brand features, instills a sense of satisfaction and happiness in consumers, further reinforcing their loyalty. Additionally, consumers' lifestyle preferences influence their behavior in discovering payment options and seeking discounts, which contribute to their overall satisfaction and sense of achievement.
- d) Lifestyle segments exhibit different behaviors, and these characteristics significantly impact purchasing decisions. During the buying process, customers tend to prefer products or brands that reflect or imitate their lifestyle. In essence, consumers select products to define and express their identity. The study concludes that products are instrumental in shaping the personality of customers and reinforcing their lifestyle choices.

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