

A Research of the Styles of Purchasing Behaviour in the Process of Choosing Loan Products

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Abstract— Russian banks are detecting the increased interest of their clients in loan products. In this, the attention of customers is focused on instalment cards. Nevertheless, for most people are not still used to that product. In this regard, there is a challenge before banks to influence the consumer behaviour in choosing an appropriate product which involves a detailed portrayal of the target audience. The description of a buying decision makes it possible to classify styles of consumer behaviour: constructive (taking into account consumers' needs and income) and adaptive (based on emotions, namely, fear of losing social standing or being taken for a failure by the others). While describing styles of consumer behaviour we were bearing in mind the impact of such factors as "gender", "age" and "level of material gains" on them. The results obtained showed that the factors mentioned above should be applied as a whole, as in isolation from one another they don't indicate propensity to a particular style of consumer behaviour. Consumer style of men and women varies at different age periods. For example, among women, adaptive behaviour is typical for the youthful stage (the age of 17-23) and after the age of 24 they are apt to deciding on constructive style; men prefer constructive style in the period of middle adulthood (the age period of 24-45), but after that period this tendency is declining. As for the level of material well-being, women with lower-middle and middle income as well as men with middle income target constructive style. The higher the income, the greater is the likelihood of purchasing products just to demonstrate one's status rather than meeting real needs both of men and women. Thus, being aware of the effects of gender, age and level of income on the style of consuming loan products experts will be able to develop promotion strategies for each target group which will increase the effectiveness of the implemented marketing events.

Keywords— consumer preferences, constructive/adaptive style of behaviour

I. INTRODUCTION

Credit cards are now the most common bank product in Russia. At the end of 2017 banks issued more than 30 million credit cards, at the beginning of 2018 experts also point to the

increased interest of their clients in loan products. Meanwhile, more and more often the attention of potential customers is drawn to installment cards which allow them to make purchases on loan funds without paying interest for using borrowed money over the course of instalment.

But for many holders of conventional credit cards instalment cards remain new and unfamiliar product whereas credit cards (though it is less beneficial) continue to be permanent means of payment. In view of this, it is insufficient for banks only to carry out informative advertising campaigns, aimed at overcoming initial disbelief in the new product.

It will be of relevance to develop promoting campaigns designed to change purchase behaviour towards instalment cards.

Before developing such a programme it is necessary to obtain a detailed target consumer profile based on the factors shaping his preferences.

The role of bank loans and their promotion in the market will rise in the works Wibowo S., Hidayat A. M., Arwiyah H. M. Y. [1], Carnegie A., Samii C. [2], Kim M., Park J. [3], Ertan A., Loumiotis M., Wittenberg-Moerman R. [4], Chan K. H., Jiang E. J., Mo P. L. L. [5]. Various aspects of consumer behavior are presented in the works of Lamben J- J. [6], D. Jakobucci [7], R. A. Peterson, U. N. Umesh [8], Blackwell R., Miniard P., Angel J. [9], E. P. Ilyin [10], Sobol K., Cleveland M., Laroche M. [11], F. Kotler [12], O. S. Posypanova [13], A. T. Stephen [14], H. Hayakawa, Y. Venieris [15], B. Mittal [16], Taufique K. M. R., Vaithianathan S. [17], P. Rodríguez-Torrico [18]. An interdisciplinary approach ensures the quality of consumer behavior research [19].

II. MATERIALS AND METHODS (MODEL)

The experience of description of a buying decision makes it possible to classify styles of consumer behaviour. We define style of consumer behaviour as "combination of external and internal components of consumer behaviour which determine peculiarities and ways of realizing perceived and unconscious motives and needs of an individual" [20].

Style of consumer preferences can be divided into two basic types: constructive and adaptive (protective). The first one implies rational assessment of gains and losses, focus on real needs of an individual in accordance with his or her financial means and values. The other one is based on emotions, namely, on the fear of losing social status being taken for a failure by the others. It makes a person make purchases at the expense of financial well-being placing emphasis on views and opinions of others rather than his or her own interests.

There is a multitude of factors which influence consumer behaviour: values, stereotypes, social role of a consumer, his or her age and gender as well as professional occupation. Some of those factors are openly displayed (for example, if a client is dressed totally classic, you can guess what his hobbies and interests are or what footwear or accessories he is going to buy), but at the same time, they cannot be interpreted explicitly (for instance, it is difficult to tell definitely how important family values are for that person). It is the combination of these factors that can in one way or another define consumer choice.

To develop a promotion campaign aimed at changing purchase behaviour towards instalment cards, we drew upon the research paper “Psychological structure of consumption styles” [20]. The hypothesis of the study is “consumption styles when choosing credit products will be determined by membership in a certain social group.”

Independent variables were: 1) gender (male/female); 2) ages of the respondents (young, adult, older/advanced); 3) level of material welfare (income below subsistence minimum, average income in the region, upper-middle income in the region).

These indicators selected from many socio-psychological factors, which characterize consumer behaviour, are quite objective and easily observable.

As a dependent variable, consumer behaviour style was chosen. The survey sample amounted to 280 people (ref. table 1).

The obtained data were processed with the programme SPSS Statistics22.

TABLE I. CATEGORIZATION OF THE RESPONDENTS BY THE LEVELS OF INDEPENDENT VARIABLES

Independent variables	Levels of variables		Allocation of the sample by the levels of variables (number of people)
	1	2	
age	1	young	118
	2	adult	95
	3	older	67
gender	1	male	114
	2	female	166
material welfare	1	low	103
	2	average	122
	3	above average	56

The goal of the first phase of the study is to reveal the existence of the relationship (either direct or inverse one) between age specificities and satisfaction of basic needs. To achieve this goal, correlation analysis method was applied.

At the second phase of the study, the hypothesis about the evidence of propensity to constructive or adaptive styles of consumption of people belonging to different social groups was checked. We assumed that combination of the factors “consumer’s gender”, “age” or “material well-being” is quite sufficient to forecast and control consumer preferences.

To test our hypothesis, single-factor analysis of variance (“ANOVA”) and double-factor analysis of variance (serving to identify the influence of two independent variables set in nominative scales) as well as diagrammatic model were used. As indicators mean values – the power of factor (F), the level of statistical significance (p – probability of error) – were the subject for analysis.

III. RESULTS AND DISCUSSION

1) Correlation analysis showed that there is statistically significant inverse relationship between age and satisfaction of needs (ref. table 2).

TABLE II. RELATIONSHIP BETWEEN AGE AND SATISFACTION OF NEEDS

Needs		Age
Satisfaction of physiological needs	Pearson correlation	-,260**
	Significance	,000
Satisfaction of labour/ material needs	Pearson correlation	-,178**
	Significance	,003
Satisfaction of social needs	Pearson correlation	-,213**
	Significance	,000
Satisfaction of spiritual/ existential needs	Pearson correlation	-,245**
	Significance	,000
General satisfaction	Pearson correlation	-,288**
	Significance	,000

** Correlation is significant at the level of 0.01 (bilateral).

The older a person grows, the more he feels that he lives comfortable and fulfilling life ($r = -,288$). After the age of 45 he can’t realize his physiological ($r = -,260$), material ($r = -,178$), social ($r = -,213$) or spiritual needs ($r = -,245$).

2) The analysis also revealed that gender, age of a consumer or his/her material welfare alone cannot be sufficient basis for predicting and controlling consumer preferences. However, their combination at a statistically valid level can indicate inclination to a particular style of consumer behaviour.

3) Men and women at different age stages would be inclined to certain consumer styles ($F = 7,556$, $p = ,000$).

Women are more likely to choose constructive style of consumer behaviour and as they grow older they don’t try to

create favourable impression on others, they are less prone to impulsive purchases.

Men oftener choose constructive style of behaviour in the period of middle adulthood (at the age of 24-45). After the age of 45 this tendency reduces. Mean values are close to those of the sample group of young people (ref. figure 1)



Fig. 1. The effect of age and gender on preferences for constructive style of consumer behavior.

Opposite tendencies in adaptive style of consumer behaviour can be observed on the diagram ($F=8,187$ $p=,000$). Men are to a greater extent inclined to the way of consumption which improves their social status in the eyes of others, gives them sense of control over other people and their own lives at the expense of their material possibilities and real needs. Men under 23 and over 45 choose goods, services and brands which allow them to look more successful, self-sufficient or independent. Similar wishes are typical for women in the period of youth, but they are steadily reducing with entering a new age phase (ref. figure 2).

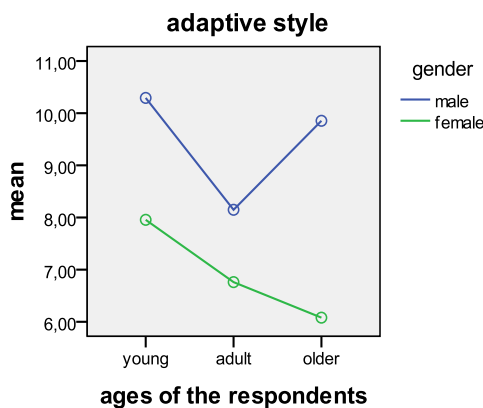


Fig. 2. The effect of age and gender on preferences for adaptive style of consumer behavior

4) Men and women with different level of material well-being tend to choose particular styles of consumer behaviour: constructive ($F=5,636$, $p=,000$) and adaptive ($F=6,868$, $p=,000$).

Overall, women (whatever their income is) purchase goods and services in accordance with their real needs and

possibilities more often than men. The highest mean values of preference for constructive style have been found among women with average income. Nevertheless, when women's incomes are below the average level in the region, they are more reluctant to resort to constructive style (ref. figure 3).

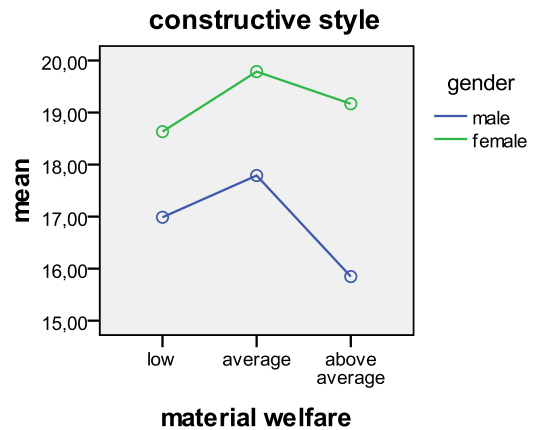


Fig. 3. The effect of age and material well-being on preferences for constructive style of consumer behaviour

The same tendency manifests itself in the sample of male respondents (fig. 3). The highest mean values of preference for constructive style have been detected in men with average income. Men with incomes higher than the average in the region score lowest.

The baseline of averages for adaptive style confirms the tendency that suggests reduction of constructive style of consumer behaviour and increasing the use of adaptive style (fig. 4).

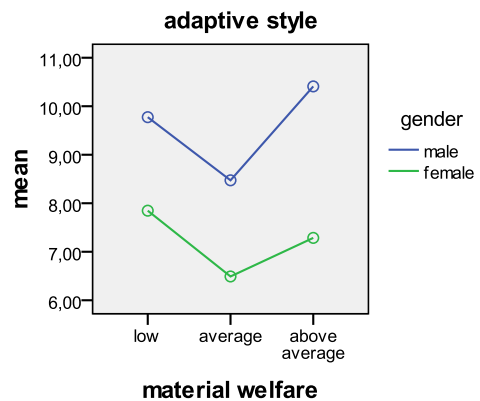


Fig. 4. The effect of age and material well-being on preferences for adaptive style of consumer behaviour

Men who can be called well-to-do can use goods and services are likely to use goods and services for off-label purposes more frequently than others. In this case the purchase is to confirm social status, seek attention from the outside, not to its actual use. Such behaviour is often exhibited in men with low incomes.

IV. CONCLUSION

Research have shown that to characterize consumer styles it is necessary to use the factors “gender”, “age” and “income” taken together, because separately they don’t indicate propensity for a certain style of consumer behaviour. Consumer styles in men and women transform differently in various age periods. Thus, after the age of 24 women tend to choose constructive style of consumer behaviour which is aimed at real needs and financial means. Men have a tendency to preference for consumer style in the period of middle adulthood (the age of 24-45), after the age of 45 this tendency is reducing. For women, adaptive behaviour is common in their young age, but it is steadily decreasing when they grow older.

With regard to the level of income, women with lower-middle and middle income are focused on constructive style; men with middle income exhibit constructive behaviour. The higher income they have, the greater the likelihood of purchasing goods to show social status, not to satisfy real needs.

That is why, while promoting credit products banks should take into account the following:

– To deal with the young (up to the age of 23) male and female consumers with middle income, arguments in favour of purchasing a card should involve information on how easy it is to enjoy the benefits of getting it (“without effort”, “right now”, “I can buy now and pay later”). When holding sales promotions, it is necessary to undertake activities which take into consideration the identity of participants and provide an opportunity to obtain a unique (unusual) gift. It could be contests held in shopping malls or in places with maximum publicity (For example, answer the question at an open mic “Why do you deserve this card?” and receive it here and now).

– For representatives of constructive style (men and women at the age of 24-45 with middle income) priority is given to outreach campaigns when rational arguments are used: emphasis on the fact that there is a partnership network and indication of the quantity of partners that accept payments by instalment cards; convenience of getting and promptness of registration, charging of interest on balance, monitoring payments via mobile application or personal account.

– For consumers over 45 it is important to overcome the sense of impossibility to meet their needs to the full extent. In that case the reasoning should contain information about renewable credit limit set up in accordance with the request of a client and also the possibility to adjust credit limit and prolong the period of instalment. To manipulate the emotions of such consumers it is necessary to mention the increasing opportunities which they can only get in case they obtain the card (these opportunities include travelling abroad, buying clothes they like, etc.).

– These data support the research conducted by Hayakawa H., Venieris Y. not only when it comes to the fact of belonging of a consumer to a certain group (gender, age or a group with a certain level of income), but also in relation to their mutual influence. Based on the study, recommendations

were made on formulating proposals regarding promotion of credit products.

So, being aware of the effects of gender, age and level of income on the style of consumption of credit products marketing consultants can develop the strategies of promoting these products for each target audience thereby increasing the effectiveness of the activities. To sum up, while developing regional loyalty programmes it is necessary to take into account specific features of styles of consumer behaviour as well as requirements claimed by their adherents towards commercial offers of the companies. It means that laying down regional loyalty programmes should be performed with due consideration of both rational (related to functional properties of a product) and emotional arguments (opportunities for self-development through using goods, keeping to values, consuming, interacting within a group of consumers).

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