

## **SEGMENTATION OF YOUNG CONSUMERS IN TERMS OF THEIR MARKET ACTIVITY**

Grażyna Adamczyk

Poznan University of Life Sciences

**Abstract.** Children and teenagers constitute a separate market group, which is heterogeneous in terms of their behaviour, market attitudes and activity. This is the basis for distinguishing four market segments, different in terms of the demographic, economic and psychographic characteristics of young participants in the market.

**Key words:** young consumer, market activity, segmentation of young consumers

### **INTRODUCTION**

An essential component of market activity and behaviour of consumers on the market is making decisions, i.e. initiating actions in order to realize a specific goal. In case of decision making consumers have to, apart from selecting the most advantageous solution, also diagnose the decision-making situation, as well as investigate all available and possible solutions [Kędzior 2003].

Buying behaviour of children and teenagers may be defined as a set of activities and actions, aiming at satisfying the needs of these young people and accepted needs of their closest family/friends. This process is realized by obtaining goods according to a perceived system of preferences, according to their possibilities and under specific social, legal, economic and cultural conditions [Kieźel and Sowa 2002].

Both in case of the family and other social groups, their members may in different ways influence purchases. Each of the individuals may play one or several roles [Kotler 2002], i.e. that of:

- an initiator – i.e. a person, which as the first suggests the idea to purchase a specific product or service,

- an advisor – i.e. a person, whose opinions and advice have a certain effect on the final decision of purchase; he/she frequently helps to define requirements and supplies information needed to evaluate alternatives,
- a decision-maker – i.e. a person, who finally makes the decision to purchase or participates in it to some extent,
- a buyer – i.e. a person actually purchasing the goods/services,
- a user – i.e. a person consuming or using the product or service.

The role played by family members during the purchase varies, frequently depending on the type of purchased product or service. In each household there is a certain habitual division of chores and responsibilities, including also purchasing. In some households the primary decision-maker is the master of the house, in others it is the lady of the house, while in other all members of the household may be decision-makers [Żelazna 2002].

The group of young consumers constitutes a separate part of each market, with its unique nature and behaviour patterns typical of the participants. It is also highly heterogeneous internally and factors differentiating their activity and behaviour include first of all age, gender, place of residence, as well as several psychographic factors, such as opinions, motivations and preferences. Thus one of the basic assumptions in the marketing concept is to target economic activity towards “somebody”, instead of acting for the sake of all. Actions taken for the sake of a specific group of buyers offer chances and opportunities to better adapt the product to the requirements of consumers, guarantee easier development of a program for market activities, and as a consequence provides a more effective and more efficient method of running economic activity [Garbarski 2001]. The division of the market into separate groups of buyers with different needs, features and behaviour, which may require different products or marketing instruments, is referred to as market segmentation.

The aim of this paper was to characterize selected aspects of market activity of young consumers and to present an attempt at their segmentation in relation to purchasing.

## **MATERIAL AND METHOD**

Analyses of market activity of children and teenagers were based on empirical data coming from studies conducted using audience questionnaires in the area of the Poznań conurbation<sup>1</sup>. The study included 286 schoolchildren, aged from 9 to 19 years, from three randomly selected schools.

Data were analysed using the tools of reversed tables and data base functions and the results are presented in the form of selected indexes and structures and measures of position.

Moreover, a multivariate method based on market segmentation was applied, according to the following procedure: criteria for segmentation were selected a priori, the number of segments was defined using cluster analysis, while segments were identified using clustering by the k-means method. Profiling and descriptions of segments were based on contingency tables [Sagan 1998].

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<sup>1</sup> The study was conducted within the framework of statutory activity of the Department of Economics of Processing, Marketing and Consumption by G. Adamczyk and M. Piątek.

A total of 60% of the sample structure were girls, while 40% were boys. Over 1/3 sample (35%) consisted of schoolchildren aged 16-19 years, attending a randomly selected secondary school. A total of 33% were junior high school pupils aged 13-15 years, whereas 32% were schoolchildren from primary schools aged 9-12 years. A total of 35% respondents came from 4-member households, which were mostly composed of parents and their two children. A total of 28% respondents came from 5-member households, while 19% from 6-member households (and bigger), living additionally with grandparents or other family members. A group of 18% respondents came from smaller households, i.e. consisting of two or three members.

## **RESULTS**

Results of investigations concerning selected aspects of market activity of young consumers are presented in the paper together with an attempt at their typology.

### **The attitude of young consumers towards shopping**

Young people frequently participate in shopping done with their family or they do shopping to satisfy their own needs. According to the declarations of respondents, this usually happens twice a week or more often (61% responses). Almost 50% respondents stated that they like shopping, while every third respondent stressed that they love this activity. A positive attitude towards shopping was confirmed by children and teenagers by expressing their opinions towards suggested statements. Respondents fully positively reacted to the fact that doing shopping is connected with nice moments spent with their family or friends and it is a good way to relax and cheer up. They also agreed that doing shopping is a pleasant free time activity. Young participants of the market had a negative opinion concerning the fact that shopping is an unnecessary waste of time, something boring and only a chore (Fig. 1).

Family is the main factor in buying behaviour of consumers, including also children and teenagers. Both in case of family and other social groups their members may in different ways influence purchases. Each of the individuals may play one or several roles in the decision making process concerning purchases. Roles of young consumers change, depending on the object of purchase. The more expensive a given product, or one satisfying needs of higher order, the lesser the role played by children and teenagers in decisions on a purchase. However, this is not equivalent to a less important role. Their participation becomes less active, as they do not make the decision, nevertheless it is still valuable in terms of the information they supply, especially of technical or technological character, to their parents making decisions on the purchase.

In reference to the purchase of groceries, especially those eaten most willingly by children and teenagers at home, i.e. cereals, drinks, sweets or yogurts, respondents declared that they most frequently take the role of advisors in relation to the taste or brand of a given product and they are frequently asked their opinion on such purchases by their parents.

When buying such products as shoes or clothes, especially for the interested, young buyers very often were asked their opinions by parents relating to the purchase, they themselves insisted on the purchase, and occasionally made decisions on their purchase.

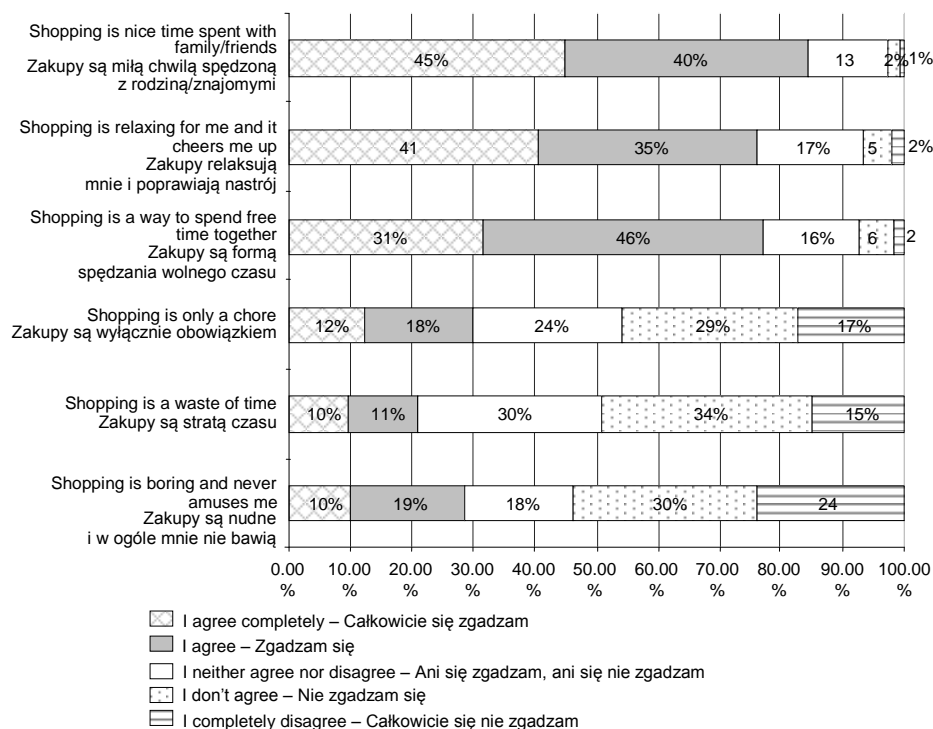


Fig. 1. Attitudes of young consumers towards shopping – measure of attitudes in the Likert scale (on the base of the author's study, 2007)

Rys. 1. Opinie respondentów odnośnie zakupów – pomiar w skali Likerta (na podstawie badań własnych, przeprowadzonych w 2007 roku)

The situation is different when buying expensive, high-tech products, which will be used by the entire family or only by youngsters. In this case children and teenagers play the role first of all of informers on products, brands and functional properties of goods. When it comes to high-tech products designed for young buyers, e.g. mobile phones or players, they very often become decision-makers.

Apart from roles played during the decision-making process within the family, the young audience with increasing frequency acts on the market as autonomous individuals – as buyers and consumers, who buy different products for themselves on their own. Almost all respondents (98%) had their own money, which they disposed of according to their individual needs. Usually these means were given to children and teenagers as presents from their family (56% responses), as regular pocket money (51%) or the funds allocated to specific purchases of a given product (45%). Every sixth respondent said that they had to earn money for their own expenses or do some extra jobs. Every third young participant of the market declared that they had PLN 10-20 a week, every fourth – up to PLN 10, while every fifth had PLN 20-30.

It turns out that young consumers not only spend every penny immediately on pleasure, but they also relatively frequently save money. As many of 75% respondents confirmed that they save money to buy a specific more expensive product or participate

in the costs of this purchase, covered in the most part by their parents. A popular form of saving money is the traditional piggy bank. However, more and more often, especially among teenagers, it is a savings account designed specifically for this segment of the market as a convenient form of saving money, at the same guaranteeing access to their funds. For what purpose do young people usually save money? Almost 50% respondents declared that they save money to purchase products connected with their hobbies, e.g. music recordings, computer games or books. Over 40% respondents mentioned another goal, e.g. purchasing a new mobile phone or a new computer. Every tenth youngster saved money also for holidays. Only few young people saved in order to invest in education, e.g. foreign language courses.

This group of young people, who instead of saving prefers spending money, used money for different purposes. They usually spent money on small clothing purchases, drinks, sweets, snacks and cinema tickets. They also frequently used their funds for mobile phone bills/pay cards, GSM accessories and magazines. Definitely least often they spend money on books, theatre or concert tickets.

### **Segmentation of young consumers in terms of their market activity**

Analysis of the above selected aspects of market activity showed that in relation to some of them the young audience behaves very similarly, while in certain cases the attitudes and behaviour of these participants in the market vary. This was an incentive to attempt a description of different types of market activity of children and teenagers. For this purpose the following characteristics of market activity of young buyers were aggregated: the attitude of young consumers to shopping, the roles adopted in the family in the decision-making process concerning purchases in relation to three groups of products, i.e. groceries, clothing and footwear, as well as expensive goods, mainly high-tech. A total of 27 variables were obtained, which became criteria for segmentation. They were denoted as follows: Zm1 – “Shopping is nice time spent with family”, Zm2 – “Shopping is relaxing and cheers me up”, Zm3 – “Shopping is a free time activity”, Zm4 – “Shopping is a waste of time”, Zm5 – “Shopping is boring”, Zm6 – “Shopping is only a chore”. The other variables pertained to roles played by young people when making decisions on purchases. Thus, for groceries the following denotations were applied: Zm7 – “I inform on new products which are worth buying”, Zm8 – “Parents ask me my opinion”, Zm9 – “I advise my parents”, Zm10 – “I insist on a purchase”, Zm11 – “I decide on a purchase”, Zm12 – “I have my own opinion, but I don’t share it with my parents”, Zm13 – “This is solely my parents’ problem”. Variables from Zm14 to Zm20 pertained to analogous roles, but this time in relation to purchases of such products as clothing, footwear, while variables Zm21 to Zm27 – purchases of expensive and high-tech products. The above mentioned variables were normalized and analyzed using selected agglomeration methods. The number of segments was identified by cluster analysis, as a result of which four clusters (segments) were formed. In turn, in order to classify young consumers with similar behaviour and characteristics to individual groups, k-means clustering was applied.

Results of clustering individual cases (young consumers) are presented in Fig. 2.

Next profiling of segments was performed using both segmentation criteria (27 variables) and descriptors. The latter were selected based on coefficients of variation and statistical significance.

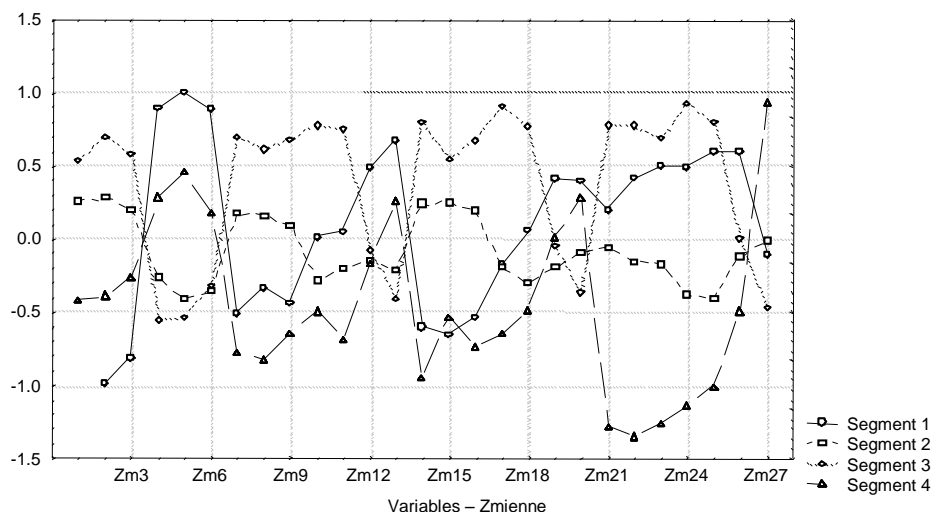


Fig. 2. Means for each variable in terms of division into four segments of young consumers (on the base of the author's study, 2007)

Rys. 2. Wykres wartości średnich dla każdej zmiennej z podziałem na cztery segmenty młodych konsumentów (na podstawie badań własnych, przeprowadzonych w 2007 roku)

Characteristics of individual segments are given below.

**Segment I "Negative"** – comprises a total of 21.3% analysed population of children and teenagers. It is represented mostly by boys, mainly aged 16-19 years. Every third respondent aged 13-15 years also belongs to this group. All participants in this segment have their won money, usually received from different family members. On average they received up to PLN 10 a week. A large percentage of representatives of this segment do not save money for any specific purpose. A relatively large proportion accounts for these youngsters, who take extra jobs to supplement their budget. They most commonly spend their money on computer games and accessories and on their mobile phone bills/pay cards, as well as drinks. Out of all the segments they least often spend their money on books. They participate in family shopping trips rather occasionally, usually once or twice a week or less frequently. This segment gathers teenagers, who are indifferent or have negative attitudes towards shopping, treating it usually as a waste of time, a boring activity or one that is only a chore. In family purchases they play usually the role of advisors when selecting e.g. brands of products, producers, the degree of technological advancement or sensory attributes of foodstuffs.

**Segment II "Rational"** – the most numerous group, comprising 38.5% analysed young participants in the market. It is composed in over 80% of girls, more or less at equal age proportions, i.e. most schoolgirls from primary schools and junior high and secondary schools. Almost all respondents from this segment receive money – usually from parents in the form of pocket money, most often in the amount of PLN 11-20 a week. Most representatives of this segment declared a tendency to save money, which they later spent buying different, more expensive products. In turn, their current funds, at smaller amounts, were spent on clothing, footwear, cosmetics as well as drinks and sweets. Girls belonging to this segment enjoy doing shopping to buy things for themselves and participate in family shopping trips. Usually they do it very often, every day

or several times a week. Their opinion on shopping is rather positive, as they agreed with opinions that shopping is an attractive form of free time activity, a pleasure, something relaxing, which cheers them up. It is also on occasion to spend time with family or friends. In family shopping representatives of this segment usually serve the role of advisors and in relation to the purchase of expensive goods they rather supply their parents with information, e.g. on novelties or high-tech solutions.

**Segment III “Active”** – comprises 23.8% analysed children and teenagers. It is represented mainly by girls aged 16-19 years. All representatives of the segment have their own money, given by their family or to a considerable degree also from extra jobs. At their disposal the youngsters usually have PLN 31-40 a week. In this group relatively the highest proportion is composed of these young people, who do not declare that they save money. They have at their disposal the biggest amount of money to spend and prefer a typically consumerist lifestyle. Young participants in this segment have relatively the widest range of expenses. They most often use their funds to purchase clothing, footwear, cosmetics, groceries (drinks, sweets) and magazines. They frequently spend time in cafes and pubs, which consumes some of their funds. Participants in this segment admit that they love shopping and very often either participate in it or do it on their own. Shopping is their everyday activity or at least something they do several times a week. For then, especially girls, shopping means pleasant moments spent with friends and an occasion to relax and get rid of stress. In relation to their influence on purchase decisions of the family most representatives of this group serve the role of informers on purchased goods or market trends. In turn, in relation to most frequently purchased products, such as clothing or footwear, they are those who insist or decide on the purchase.

**Segment IV “Indifferent”** – the least numerous group, comprising 16.4% young participants in the market. It is formed at equal proportions by girls and boys, with a predominance of those aged 9-12 years. In this group of participants in the market there is the highest percentage of those having no money of their own. Most of them receive pocket money, usually from parents and other family members. At their disposal during the week they have rather modest sums, usually up to PLN 10. In this segment there are also relatively the biggest numbers of these consumers, who save money for specific purposes. These are first of all purchases connected with hobbies (CDs, games) and pleasures requiring larger sums of money. In relation to current expenses, on which the youngest consumers spend a considerable part of their pocket money, the predominance is connected with buying sweets, snacks and drinks. Most representatives of this segment frequently accompany their family in shopping. They say that they like doing it as it is first of all an occasion to spend nice time with the family. In most cases they are unable to take a definite attitude towards different, both positive and negative opinions, on purchases, such as “shopping is a free time activity”, “shopping is a pleasure, a way to relax or get rid of stress”, or “shopping is a waste of time and something boring” or “shopping is solely a chore”.

## **CONCLUDING REMARKS**

Considerations presented above made it possible to formulate several conclusions.

1. Increasingly more often having one's own money, spending it on one's own or commonly participating in family purchases and making decisions on a purchase promote economic market education of young consumers.

2. Market activity of children and teenagers is determined by various factors, which results in different conditions to realize consumption and buying behaviour.

3. Roles played by young participants in the market in family shopping change, depending on the type of product of interest. With an increase in the value and technological advancement of purchased products young people become informers or advisors. In case of purchases for youngsters, they are usually initiators or decision-makers.

4. Young people emphasize their market activity e.g. by their attitudes towards shopping and participation in this activity. For most children and teenagers shopping is connected with pleasure, nice moments spent with family or friends, as well as an attractive form of free time activity.

5. Children and teenagers constitute a separate market group, heterogeneous in terms of behavior, market attitudes and activity. This is a foundation for the differentiation of four market segments, separate in terms of demographic, economic and psychographic characteristics of young participants in the market.

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## SEGMENTACJA MŁODYCH KONSUMENTÓW WEDŁUG ICH AKTYWNOŚCI RYNKOWEJ

**Streszczenie.** Niniejszy artykuł prezentuje wyniki badań dotyczących wybranych aspektów aktywności rynkowej młodych konsumentów, w szczególności ich stosunku do zakupów i uczestnictwa w nich oraz próbę segmentacji młodocianych według wspomnianych kryteriów. Stwierdzono m.in., iż dla większości dzieci i młodzieży zakupy to przyjemne doznania, miłe chwile spędzone z rodziną bądź przyjaciółmi oraz atrakcyjna forma spędzania wolnego czasu. Dzieci i młodzież stanowią odrębną grupą rynkową, która jest niejednorodna pod względem zachowań, postaw rynkowych i aktywności. Daje to podstawę do wyróżnienia czterech segmentów rynkowych, odrębnych pod względem cech demograficznych, ekonomicznych i psychograficznych młodych uczestników rynku.

**Słowa kluczowe:** młody konsument, aktywność rynkowa, segmentacja młodych konsumentów

*Accepted for print – Zaakceptowano do druku: 30.06.2008*

*For citation – Do cytowania: Adamczyk G., 2008. Segmentation of young consumers in terms of their market activity. J. Agribus. Rural Dev. 3(9), 15-22.*