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# Spending Pattern of Outstation Student in Indore City

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## Abstract

*This paper addresses the question of why, where and how the outstations Students spend in a new city. What are their priorities and necessities? The Out stations students are referred to here are students and young people coming to Indore city for education and job . With the rocketing economy, the buying trends are also changing, there is a radical difference observed in the spending behaviour of the youth of our country. This paper is an attempt to study the spending pattern of the outstation students in the city of Indore.*

## Introduction

In this time, youth has become more confident, independent and willing to be as powerful and capable for achieving just anything at all. This is the pertinent definition of Indian youth. Also youth is migrating to potential cities for education and job. This makes them the independent thinker and gives a freedom to decide his own life. In this new city they come along with their dreams, threats, expectations and lots of uncertainty. Here they learn to decide priorities and make a decision of purchase. The ever-growing retail market makes every effort to attract them. He has limited resources, limited knowledge but unlimited dreams and needs.

It is fruitful to investigate the spending pattern and their behavior of spending their out of their income budget will help understand youth's need recognition and choices towards a certain product/service. There is clutter of brands and has become even more difficult to sustain the recall ability in the mind of consumers and keep them focused as youth is quite unpredictable and has a spontaneous behavior.

## Literature Review

With the rocketing economy, the buying trends are also changing. The mentioned age group, have entertainment, leisure, food, clothing, etc. as their priorities in spending and this generation is willing to spend on everything from mobile phones to sneakers to french fries (Schuman, 2006). Over 250 British children and adolescents completed a questionnaire on their sources of personal income (pocket money/allowance, part-time job, gifts), as well as how much they had saved, where it was stored, and for what purpose it was intended. The participants also

responded to various attitude statements about money and the economic situation in general (Furnham, 1999). Like no other generation, today's youth are growing up in a culture of debt facilitated by expensive lifestyles and easy credit (Dugas, 2001). Teen spending reached \$175 billion in 2003 through parental allowances and youth's personal job earnings (Teenage Research Unlimited 2003). With access to this amount of wealth, youth are the target of marketing campaigns and credit companies. According to Synovate (2005) the 2004 credit card mailings increased 5.2 billion, superseding the 2001 record in U.S. In the west the credit card companies are bombarding college campuses where students are enticed with pre-approved credit to avoid using their limited cash supply (Grable and Joo 1999). A survey on the spending habits of young people in Guangzhou, Hong Kong and Macau found that Hong Kong youths have the most pocket money but spend it mostly on entertainment, clothes and accessories. Hong Kong youths would borrow from friends or take up part-time work, in order to earn enough money to spend. The survey concluded that the more pocket money an average Hong Kong youth is given; the chances are that the proportion spent on enjoyment will be greater. In addition, nearly 20% of Hong Kong youths say they "spend all they have". When they run out of pocket money, they either borrow from friends or take up part-time work. (MSE, 2004). According to new research from Euro monitor International, University graduates are the key emerging economic force within China's "youth generation", which includes all those aged between 0 and 29 years old. Marius Dundulis, global market research manager at Euro monitor International, commented, "This segment of the population also exerts influence beyond its own

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buying power, as many graduates continue to live at home after University. While they remain there, they have the ability to persuade their parents to buy new brands and products" (Market Trends Global, 2004). According to Young Asian survey by Synovate, today's young Asian is a multi-tasking, interactive, digital-driven consumer. Conducted in conjunction with MSN, MTV and Yahoo!, Young Asians surveyed over 7,000 respondents aged 8 to 24 across Hong Kong, Singapore, Taiwan, Malaysia, Thailand, Indonesia, Philippines and India. The research results of seven countries including India showed that, teens are basically focusing on saving for three things i.e. Clothes (57%), College (54%) and a Car (38%) (Meredith, 2009). It was also pointed out that the young generation rarely practiced basic financial skills, such as budgeting, developing a regular savings plan or planning for long term requirements (Pillai et al., 2010). In 2009 when recession hit all over the world, the researchers were keen to know about the spending habits and reactions of teens towards the recession. 75% of teens behaved in the same way and spent in the same way as they were spending in the previous year.

### Research Objectives

On the basis of above review it is understood that the researches are mainly focused on the youth but there is limited research carried out to understand the spending pattern of student coming from other cities to Indore City. Hence the objective of this research is to:

1. To find the pattern of spending of outstation students.
2. To identify the major areas of spending.

### Research Methodology

The research was conducted in the city of Indore with a representative population of size of 50 respondents falling in the age bracket of 22-30 years. The sampling method followed was convenience sampling and care was taken to have an almost equal representation of both the genders. The respondents were approached in schools, colleges, malls and multiplexes. Both open ended as well as close ended questions were included in the Questionnaire.

### Data Analysis and Interpretation

As data shown in table 1.1 there are two major segments where the expense of most student lies, first one lower segment i.e. 500-2000 and higher segment of 6000 and above.

**Table-1.1**

Monthly Expense in Rs.	500-2000	2001-4000	4001-6000	6000<
% of respondent	40	6	16	38

While deciding about purchasing priorities 27% respondents ranked Tuition/Coaching as their First Priority. Spending on party and entertainment is ranked first by 13-13% respondents. Not surprising but Mobile expense has been ranked first by second most respondents i.e. 20%. As show in table 1.2.

**Table-1.2**

Purchasing Priority	Book	Tuition	Food	Party	Entertainment	Internet	Mobile
% Respondents	9	27	13	13	11	7	20

**As shown in the table 1.3:** 34% respondents go to the movie every week and 34% respondents go to the movie twice a month. Thus in all 68% respondents go to movie once a week, once in a fortnight. While 22% respondents rarely go to movie.

**Table-1.3**

Frequency of going movie	Once a week	Twice a month	Rarely	Others
%	34	34	22	10

Respondents were asked about their frequency of going to pub/ disco: Most of the respondent i.e., 36% replied rarely while 20% go to the pub once a week and 24% go twice a month to the pub. **The table given below shows the distribution -**

Frequency of going pub/disco	Once a week	Twice a month	Rarely	Others
%	20	24	36	20

As the food being most basic required, when the respondents were asked about going to the restaurant 50% of the respondents admitted that they go to restaurant every week. 10% respondents go twice a month whereas 26% respondents go rarely to the restaurant. Data can be seen table below:

Frequency of going restaurant	Once a week	Twice a month	Rarely	Others
%	50	10	26	14

As shown in the table below 68% respondents prefer Mall as their shopping place while 10% respondents go to local shop for purchasing. 10% respondents go to company outlets/Branded shops.

Preferred shopping center	Company's outlet	Local Shop	Mall	Others
%	10	10	68	12

In the questionnaire the respondents were asked that in which area the largest amount of their budget is spent.

30% respondents' ticked party then 18 ticked books, 12% ticked tuition. For transportation purchasing and mess food, for each of them 2% respondents replied. For Clothing, mobile 4-4% respondents opted.

Area	Books	Clothing	Entertainment	Food Mess	Internet	Mobile	Party	Purchasing	Room Rent	Trans.	Tuition
%	18	4	10	2	10	4	30	2	6	2	12

Further the Respondents were asked in which area they can cut down their spending.

42% thinks that spending on mobile can be reduced 13-13% thinks that internet and clothing are the area where spending can be reduced rest of the people thinks that transportation entertainment mess party accessories are the areas to reduce their spending.

### Conclusion

The research clearly shows that for outstation students in Indore tuition/coaching is most preferred whereas communication being a basic need now days, mobile stands at second most preferred choice for spending money. Also found that frequently going to restaurant and movies is done by the outstation students. Therefore a major portion of budget is spent over these. Research also depicts that the pub or disco culture is present in Indore by not very commonly adopted trend.

Purchasing pattern shows that Mall culture is highly preferred for shopping purposes. The youth also does believe in spending more on entertainment, gadgets, eating out and personal grooming.

An important part of conclusion is that majority of students admitted that the spending money on party is major part of their budget which is not exactly necessity for them.

### Scope for Future Research

There is huge scope for research on this area as, the outstations students are increasing day by day. Thus they are creating a potential customer base for retailers. A research can be carried for various categories of product and their select criteria.

This research is done for Indore city which is tier-II, further research can be done for different cities. Also a comparative study can be carried out to understand the spending pattern.

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