Smart Millennials and their Changing Shopping Trends: A Case of Millennial Students in Nellore

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ABSTRACT

"Millennials expect to create a better future, using the collaborative power of digital technology."
*- **Mal Fletcher***

Shopping habits among people change with the change in generation. Each generation is characterized by unique habits and preferences. Understanding the changing trends becomes paramount for retailers to suit their business strategies to the new-age customers. On the other hand, reforms in the industry and pressures from competition throws open new vistas for today's retailers. In this connection, a study has been initiated to understand the changing shopping trends among millennials. The chief objective of the study is to find the changing habits of millennials in terms of their online buying, the penetration of smart-phone into their purchase process and their satisfaction towards online purchase. A sample of 135 respondents in Nellore was approached for a survey and after a few rejections; data from a total of 128 respondents was gathered using a structured questionnaire. The data gathered was thoroughly analyzed using statistical tools and the findings were presented. The results of the study state that the new-gen shoppers who are termed as millennials are coming up with unprecedented shopping habits and preferences. Most of the millennials own a smartphone or two which has disrupted the shopping trends in the market. Smart Millennials, the ones who belong to millennial generation and who own a smartphone are ubiquitous. Smartphones have penetrated deep into their personal lives. Smart millenials are welcoming experiments in product delivery and payment methods, spurring online shopping trend. However, there exist a few cases, if not many in which these smart millennials are slurred by a few online retailers by way failed delivery of product ordered. The study concludes that smart millennials are going to make a huge pie of the market in the years ahead and with the changing times comes the need for the retailers to fine-tune business as well.

KEYWORDS: *Millennials, online retail, change, shopping trends, smart-phones*

I. INTRODUCTION

In this era of hyper competition, understanding the consumer is a necessity for marketers. Studying the shopping habits and behavior of the customers helps marketers serve them better and in turn it scales up their business. The present generation is witnessing a tremendous change among the millennials in terms of their lifestyle and tastes & preferences. Millennails are generational cohort born roughly between 1980 and 2000. Millennails are also known as Generation Y, Digital Natives, Generation Me, Generation Rent and Echo Boomers. Like every other generation, Millennials too exhibit certain common and unique traits that make them different from their predecessors. Perhaps, millenials are the most studied and talked about generation to date. They are the first generation in history that have grown up totally immersed in a world of digital technology, which has shaped their identities and created lasting political, social and cultural attitudes.

Given that India will become the youngest country by 2021, with 64% of its population in the age group of 20-35, according to the Economic Survey 2013-14, retail businesses need to shape their strategies to remain relevant to this section called millennials. There is a general perception that "millennials want it all", and it is quite true. They prefer a customized approach towards

everything. So modern-day retail companies among some highly developed nations such as the US, Germany, China etc. too are increasingly seeing what their needs are and how they can customize all their processes from identifying them to promoting, presenting and satisfying them.

II. UNDERSTANDING THE MINNELLIALS

So what are millennails? What makes them special of all the generation till date?

- Millennials are multitasking-pros and can juggle many responsibilities at once. This also means that they are easily distracted and find social media and texting hard to resist.
- Millennials are aware of everything about social media because they are living it. They are constantly perusing Google, Facebook, Twitter, Instagram, etc. - It's how they search, share and get information.
- There's no doubt that the majority of Millennials are more tech-savvy than other generations, although Generation Z may soon surpass them.
- Millennials carve for the need to feel like what they are doing is important and that they are on the right track. Many millennials grew up with constant praise from their Baby Boomer parents. It's what they know.
- Millennials aren't as willing as former generations to sacrifice their personal life in order to advance their careers. They like to "work hard – play hard" and want to be at a company that appreciates this desire for balance. They also expect a more flexible environment than previous generations and want to stand with a company that supports various causes.
- Millennials are extremely team-oriented and enjoy collaborating and building friendships with colleagues.
- Millennials want to feel like they have an open and honest deal and that there won't be any nasty surprises in their deals. Once they've made any purchase decision, they want assurance that their opinion is valued and both give and receive a good deal of feedback.

Every generation presents its own challenges and, clearly, millennials are no different. But, they're really not so bad! And just think: a whole new group of millennials will be growing enough to make a special segment in the market. The more a retailer knows about them now, the better off he will be.

III. LITERATURE REVIEW

Farris Roy, Chong Frank and Danning Darlene (2002) in their paper on Generation Y: Purchasing Power and Implications for Marketers examined the buying habits of generation Y. They stated that the difference between Generation Y's purchasing power and Generation X's purchasing power is amazing. The income of the younger generation is used for more than just entertainment purposes, such as toys, but also for more adult-like purchases, such as stocks. The researchers sought to determine the impact this had on the market compared to Generation Xers.

Megan E, Lodes, Siena College (2010) in their articles Are Generation Y (Millennial) Consumers Brand Loyal and Is their Buying Behavior Affected in an Economic Recession? A Preliminary Study, mentioned that the buying behavior of college students, members of the millennial generation is of particular interest to marketers as they strive to understand the patterns of purchasing of the wealthiest generation. He opined that till date, there have been conflicting results regarding the millennial generation and their degree of brand loyalty. Using a sample of 68 undergraduate students, brand loyalty, customer satisfaction, and the effects of an economic recession on buying behavior were evaluated. Results of the study suggest that college students are not brand loyal consumers, that there are no gender differences with regard to overall brand loyalty, and that purchase behavior has not been greatly affected by the economic recession.

A few other literatures reviewed on millennials have actually proclaimed millenials be misnomers, as it indicates that millennials are merely a continuation of Generation X. Instead, researchers today prefer to call the generation born since 1982 as the Millennials (Beirne and Howe, 2008). Starting in 2000, when the Millennials began attending college, they began to be studied by researchers and marketers to determine the generation's overriding characteristics. Millennial college students are the most racially and ethnically diverse, as enrollment of women and minorities has increased while enrollment of white students has decreased (DeBard, 2004). Millennials make long-term plans, believing they are capable of accomplishing anything. However, Millennials expect high grades to mark their achievement but will only do what is expected of them to get those high grades (DeBard, 2004). While older generations lament the ever-increasing usage of technology by the Millennials, this

technology is just a tool used by Millennials to fulfill their desire of being part of a community (Beirne and Howe, 2008). Millennials are also considered to be sheltered and both expect and want rules to be clearly communicated and properly enforced (DeBard, 2004). It is evident that Millennials like to follow rules, as violent crime by teens has fallen by 70%, teen pregnancy and abortion has fallen by 35%, and consumption of tobacco and alcohol is lower than ever before. Millennials believe in the benefits of community service, participating in elections, and working for companies that give back to the community (Beirne and Howe, 2008). Unfortunately, it has also been found that Millennials are studying less and are not as concerned about important issues, such as the environment or race relations (Sax, 2003). Because Millennials are wealthier than previous generations, marketers understandably want to learn how to market to this generation. While Millennials are trusting of certain authority, they are skeptical of advertising that is targeted to them (Kapner, 1997). Because Millennials value products for their necessity to their lives, they dislike advertising because it often causes them to buy things they do not need. Millennials question the truth in advertising and believe marketing to be misleading. They believe that advertising leads to higher product price, which conflicts with their desire for the lowest price possible (Beard, 2003). Even though Millennials are wealthier than previous generations, they describe themselves as "poor college students", so marketers should not position their products as a luxury if they want Millennials to buy it (Phillips, 2007).

A study done by K. Ritchie showed that they are less brand loyal than previous generations due to the constant bombardment of promotions (Ritchie, 1995). Phillips (2007) stated that Millennials believe themselves to be reasonable, price-oriented consumers who are not influenced by an attraction to a certain group of brands. Millennials value price and features as the most important attributes of a product, instead of brand name. Millennials want products that match their lifestyle or personality, which is why brand is of almost no importance (Caplan 2005). Marketers have attempted to create an emotional attachment with their customers, believing that once customers become attached, they will not switch to another brand, regardless of price (Hamilton, 2009). Unfortunately, consumers are more likely than ever to become brand switchers, especially to private labels, as they look for lower-price alternatives to what they normally purchase.

IV. OBJECTIVES OF THE STUDY

1. To study the online shopping behavior of millennials in general.
2. To examine the role played by smart-phones in their online shopping activities.
3. To investigate the penetration of smart-phones into their online shopping activities.
4. To find their preferences towards payment, product delivery and product return policies while shopping online.
5. To evaluate their satisfaction levels towards online shopping.
6. To make suitable recommendation to the retailers in grabbing the millennial shoppers.

V. SCOPE OF THE STUDY

The results of the study are confined to a specific area. Hence, the results cannot be generalized to the whole group. Also, only a certain section (respondents in 20-25 age group) of the whole target group i.e., millennials are surveyed for the purpose of the present reserch. However, this study will provide certain important insights on the online shopping habits and behavior of a sample of millennials in general.

VI. RESEARCH METHODOLOGY

A. Research Design

Both primary data and secondary are used for the present study. A structured questionnaire was used as a research instrument to collect primary data. A sample of 135 respondents was supplied with the questionnaires and was asked to fill them which didn't take more than 8 minutes for the respondents. Three post-graduation colleges in Nellore city were selected and from each college 45 students from first year MBA were approached and were requested to participate in the survey. Secondary data was also collected, from database sites and articles. The data collected was analyzed thoroughly using suitable statistical tools such as Chi – Square.

B. Area of the Study

The respondents were selected based on convenience from 3 post-graduation colleges in Nellore city.

C. Research Approach

Survey method was used for collecting data from a segment of millennials (age between 20 and 25) in Nellore city. The respondents are briefed about the objective and purpose of the survey before hand and were requested to fill the questionnaires, which contained both open- and close-ended questions on their own.

D. Sampling Technique

A non-probability convenient sample of 135 first-year MBA students from 3 post-graduation colleges in Nellore was collected for the present study.

E. Sample Size

The size of the sample selected for the present study was 135.

F. Data Usage

Primary data was used for the purpose of analysis and interpretation only, whereas secondary data i.e., information obtained from various sources such as books, journals and data obtained from observation were also incorporated. The data collected from these sources were analyzed using various tools such as percentage analysis, chi-square test, cross table analysis methods.

G. Tools

Frequencies and cross tabulation have been calculated for the reaction of the respondents. Chi – Square test analysis was conducted to test the significance of hypothesis

VII. DATA ANALYSIS

A. General Profile of the Respondents

Demographic Profile		
Gender	**Male**	**Female**
	73	62
Location of Residence	**Urban**	**Rural**
	87	48

Inference: It can be inferred from the above simple table that both male and female constitute nearly equal amount of the sample i.e., 54% and 45% respectively. Of them 64% belong to urban localities where as the rest 35% are from rural places.

B. Online Shopping Behavior of the Respondents

General Online Shopping Behavior				
Did you go online to shop for products (other than grocery) in the last one year?	**Yes**	**No**		
	77	58		
How often do you browse online stores?	**Daily**	**Weekly**	**Monthly**	**During Special Drives**
	13	22	31	69
How often do you buy products (other than grocery) online using a smartphone?	**Always**	**Often**	**Rare**	**Never**
	78	31	19	7
Do you own a smartphone?	**Yes**	**No**		
	128	7		
Do you agree or disagree for the below statements	**Agree**	**Disagree**		
I am willing to add amount into my mobile/portal wallet to make online purchase	16	112		
I will prefer to buy using my smartphone rather than visiting store	101	27		
I usually search deep online for best deals	49	79		

C. Online Shopping Preferences

Online Shopping Preferences	
What is your most preferred online retail store?	
Flipkart	47
Amazon	21
Jabong	13
ebay	2
Myntra	6
Homeshop18	2
Snapdeal	35
Junglee	0
Yebhi.com	0
Others	3
Thinking of your preferred online retailer, why do you shop here?	
Affordable/discounted prices	29
Huge collection	13
Rare items	4
Brands	11
Easy to browse	7
Loyalty program	23
Fast/reliable delivery	28
Hassle-free operation	4
Good return policy	7
Customized advice	2
What has been your major influencing factor for buying online in the last 12 months?	
Convenient	78
Cheaper	37
Others factors	13
Which method do you prefer most for researching your purchases?	
Smart wearables	0
Smartphones	41
Tablets	16
Computers	68
Home/TV Shopping	3

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Which method do you prefer most for buying your purchases?	
Smart wearables	0
Smartphones	59
Tablets	19
Computers	47
Home/TV Shopping	3
What do you mostly shop for, from the online store?	
Consumer electronics & computers	41
Household Appliances	13
Clothing & Footwear	33
Books & CDs	13
Sports & Fitness Equipment	7
Jewellery & Watches	7
Do-it-yourself items	2
Grocery	4
Toys	2
Health & Beauty	6

D. Payment Preferences

Payment Preferences			
What is your most preferred payment option?	Pay Now	Cash on Delivery	
	57	71	
What is your most preferred payment method?	Debit Card	Credit Card	Net Banking	Digital Wallet
	78	7	31	12

E. Product Delivery Preferences

Product Delivery Preferences		
	Yes	No
Have you had your goods delivered?	122	6
What is your most preferred delivery method?		
Home-delivery	118	
Pick from a nearest store	8	
Drive-through pick-up	2	
Pick-up at third-party location	0	
What is your most preferred delivery time?		
Same day	25	
Next day	11	
Within 2 days	6	
Within a week	77	
On a specific day	9	

F. Product Return and Satisfaction

Product Return Preferences and Satisfaction				
How many times in the last one year did you return the product?	Once	Twice	Thrice	More than Thrice
	4	2	0	0
What is the major reason for returning				
Poor quality/functioning	2			
Poor Design	1			
Variation between item shown and item delivered	3			
Change in purchase decision	0			
Others	0			
What did you seek mostly from the return policy?	Repay	Replacement		
	2	4		
Are you satisfied with the return policy of the online store?	Yes	No		
	3	3		

G. Chi-Square Test

Location and Frequency of Browsing Online Shopping Sites:

Is there any relation between location of the respondents and the frequency of browsing online shopping sites?

Ho: Location and frequency of browsing online shopping sites are not dependent

H1: Location and frequency of browsing online shopping sites are dependent

Frequency					
Location	Daily	Weekly	Monthly	During Special Drives	Total
Urban	11	8	23	45	87
Rural	2	14	8	24	48
Total	13	22	31	69	135

Degree of fredom (df) = 3,
Level of Significance = 5%
Critical Value = 7.815 (from table)

Expected Values					
Frequency					
Location	Daily	Weekly	Monthly	During Special Drives	Total
Urban	8.4	14.2	20.0	44.5	87.0
Rural	4.6	7.8	11.0	24.5	48.0
Total	13.0	22.0	31.0	69.0	135.0

Contingency Table				
O	E	O-E	$(O-E)^2$	$(O-E)^2/E$
11	8.4	2.6	6.76	-1.64
8	14	-6.2	38.44	24.24
23	20	3	9	-11
45	45	0.5	0.25	-44.25
2	4.6	-2.6	6.76	2.16
14	7.8	6.2	38.44	30.64
8	11	-3	9	-2
24	25	-0.5	0.25	-24.25
				-26.1

Chi-square calculated = -26.1
Chi-square from table = 7.815

Since, calculated value of Chi-square is much low than table value, Ho is accepted

Inference:
Location of the respondents and the frequency of browsing online shopping sites are not dependent.

Gender and Factors Influencing Purchase Decision

Is there any relation between gender of the respondents and major factor influencing them?

Ho: Gender and factors influencing their purchase decision are not dependent
H1: Gender and factors influencing their purchase decision are dependent

Gender	Major Influencing Factor			
		Convenient	Cheaper	Others	Total
	Male	42	23	4	69
	Female	36	14	9	59
	Total	78	37	13	**128**

Degree of freedom (df) = 2,
Level of Significance = 5%
Critical Value = 5.991 (from table)

Expected Values				
Gender	Major Influencing Factor			
		Convenient	Cheaper	Others	Total
	Male	42	20	7	69
	Female	36	17	6	59
	Total	78	37	13	**128**

O	E	O-E	$(O-E)^2$	$(O-E)^2/E$
42	42	0	0	0.00
23	20	3	9	0.45
4	7	-3	9	1.29
36	36	0	0	0.00
14	17	-3	9	0.53
9	6	3	9	1.50
				3.77

Chi-square calculated = 3.77
Chi-square from table = 5.991

Since, calculated value of Chi-square is lower than table value, Ho is accepted

Inference:
Gender and factors influencing their purchase decision are not dependent.

VIII. FINDINGS

1) Most of the respondents (58%) have gone online in the last one year.
2) A majority of the respondents (51%) browse online stores during special campaigns.
3) Location of the respondents and the frequency of browsing online shopping sites are not dependent.
4) A great majority of the respondents (58%) always use smartphones to shop online.
5) Almost all the respondents (95%) own a smartphone. (they are referred to as Smart Millennials, from here on for convenience)
6) Most of the smart millennials (75%) prefer to use their smartphones rather than visiting physical stores to make purchases.
7) Flipkart (35%), Snapdeal (26%) and Amazon (16%) are the top preferred online stores for smart millennials.
8) Top three reasons for prefer online stores to kirana stores are Affordable or Discounted prices (22%), Fast/Reliable delivery (21%) and Loyalty programs (17%).
9) Least preference for shopping at online stores are Easy to browse and Return policy (5%), Availability of rare items and Hassle-free operations (3%) and Customized advice (2%).
10) Major influencing factors to buy online for smart millennials in the last one year are Convenience (59%) and Cheaper prices (28%).
11) Gender and factors influencing their purchase decision are not dependent.
12) Computer (51%) ise the most preferred device for researching their purchase, followed by smartphones (31%) and tablets (12%).
13) When it comes to buying online, the most preferred means is smartphones (44%) followed by computers (35%) and tablets (14%).
14) Ssmart millennials mostly shop online for Consumer electronics and computers (31%) followed by Clothing and footwear (25%) and Household appliances (10%) and Books and CDs (10%).
15) While a good majority of the smart millennials preferred Cash on Delivery mode of payment (53%), the rest (43%) preferred Pay Now option.
16) There exist a few smart millennials (5%) whose products ordered online were not been delivered.
17) Most of the smart millennials (92%) preferred Home delivery as the delivery method.
18) Interestingly, a few more also preferred Pick from a nearest store (6&) and Drive-through pick up options of delivery (2%).
19) Coming to the preferred delivery time, a majority of the smart millennials favored for delivery Within a week (60%), while the others

preferred Same-day delivery (20%) and Next-day delivery (9%). A few preferred to have products delivered Within 2 days (5%) and the rest chose them to be delivered On a specific day (7%).

20) With regard to product returns, a very few smart millennials have returned their products once (3%) and twice (2%) in the last one year.

21) Reasons for returning products are Variation between item shown and item delivered (50%), Poor quality/functioning (33%) and Poor design of the product (17%).

IX. SUGGESTIONS

With the changing time, the shopping trends of people are also getting changed. The new-gen shoppers who are termed as millennials are coming up with unprecedented shopping habits and preferences. Most of the millennials own a smartphone or two which has disrupted the shopping trends in the market. Smart millennials, the ones who belong to millennial generation and who own a smartphone are ubiquitous. These smart millennials are increasingly relying on their smart gadgets like smartphones, smartwatches and tablet phones throughout the purchase process. Smartphones have penetrated deep into their personal lives. Smart millenials are welcoming experiments in product delivery and payment methods, spurring online shopping trend. However, there exist a few cases, if not many in which these smart millennials are slurred by a few online retailers by way failed delivery of product ordered. It is a thing to be considered serious, as a complaining smart millennial may detrimentally act on social-media which can brutally dent the image of the online retailer. In conclusion, it is to be noted by the online retailers that smart millennials are going to make a huge pie of the market in the years ahead and with the changing times comes the need to fine-tune their business as well.

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